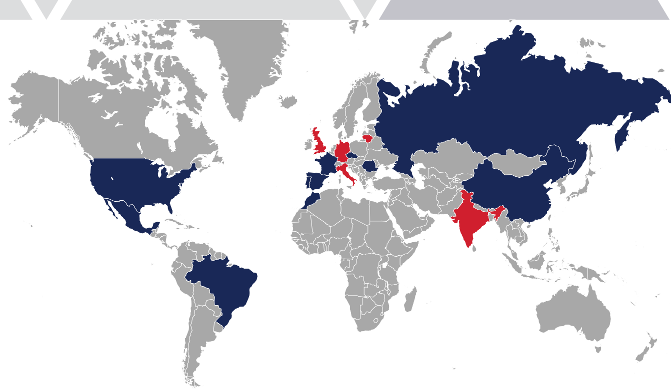
Annual Report
2016



Mahindra CIE

THE PARENT ..

CIE Automotive is an industrial group specialised in managing HIGH VALUE-ADDED PROCESSES, and is supplying components and subassemblies for the automotive market. It is listed on the Madrid and Bilbao stock markets, and it has presence in 4 continents and 15 countries.

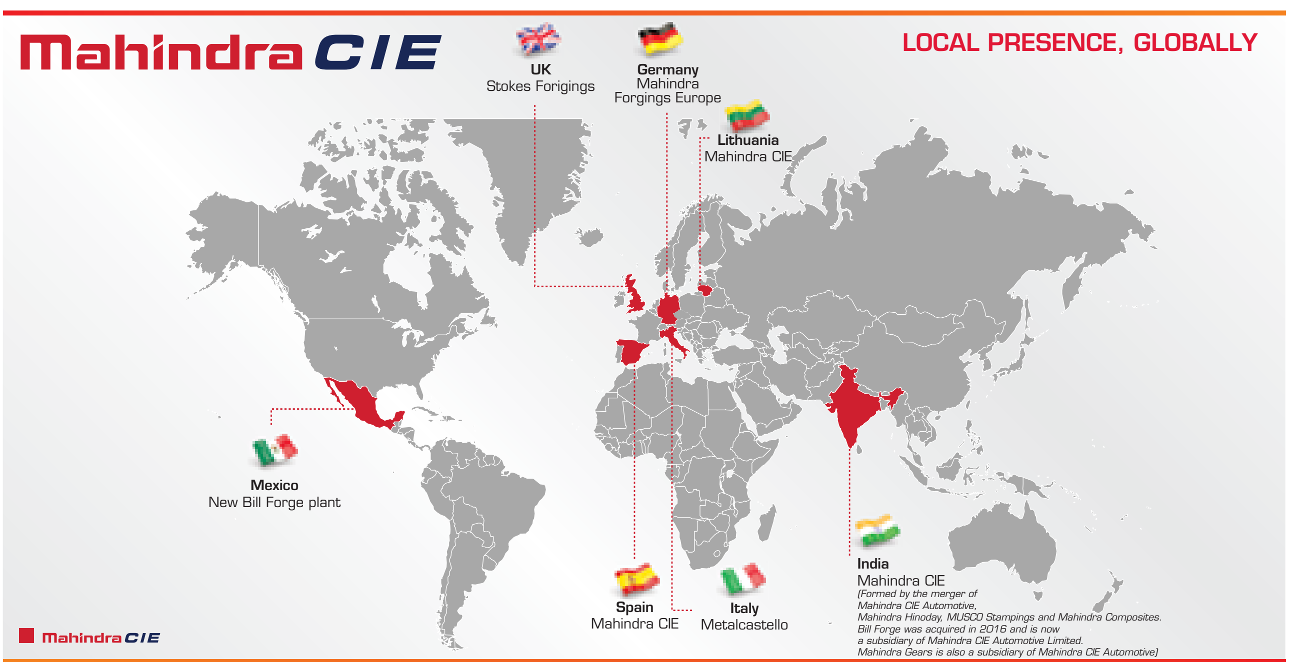
CIE Automotive focuses its resources on three strategic business areas:

- Automotive components (with 6 basic technologies – Aluminium, Forging, Stamping and Tube Welding, Machining, Plastic and Casting, present in 9 countries),

- Biofuels, (with biodiesel plants operating in Spain and Italy, presence in Brazil and Guatemala, and its own sales network) and

- Dominion, Technological solutions and services (with plants in Spain, Mexico, Brazil, Argentina and Chile)

.. AND THE SUBSIDIARY



Annual Report 2016

Contents

Board of Directors

Mr. Hemant Luthra - Chairman
Mr. K. Ramaswami - Managing Director
Mr. Ander Arenaza Álvarez - Executive Director
Mr. Antonio Maria Pradera Jauregui
Mr. Daljit Mirchandani
Mr. Dhananjay Mungale
Mr. Jesus Maria Herrera Barandiaran
Mr. Jose Sabino Velasco Ibanez
Mr. Juan Maria Bilbao Ugarriza
Mr. Manoj Maheshwari
Mrs. Neelam Deo
Mr. Shriprakash Shukla
Mr. Suhail A. Nathani
Mr. Zhooben Dosabhoy Bhiwandiwala

Chief Financial Officer

Mr. K. Jayaprakash

Company Secretary & Head - Legal

Mr. Krishnan Shankar

Committees of the Board

Audit Committee

Mr. Daljit Mirchandani - Chairman
Mr. Dhananjay Mungale
Mr. Manoj Maheshwari
Mr. Jose Sabino Velasco Ibanez
Mr. Juan Maria Bilbao Ugarriza

Nomination and Remuneration Committee

Mr. Manoj Maheshwari - Chairman
Mr. Daljit Mirchandani
Mr. Hemant Luthra
Mr. Jesus Maria Herrera Barandiaran

Stakeholders' Relationship Committee

Mr. Dhananjay Mungale - Chairman
Mr. Daljit Mirchandani

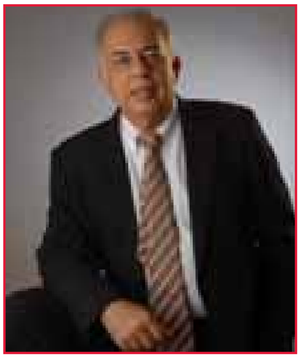
Corporate Social Responsibility Committee

Mr. Daljit Mirchandani – Chairman
Mr. Dhananjay Mungale
Mr. Hemant Luthra

- **Auditors**
  B. K. Khare & Co. Chartered Accountants
  706/708, Sharda Chambers,
  Mumbai - 400 020

- **Bankers**
  State Bank of India
  Barclays Bank
  ICICI Bank

- **Registrar and Share Transfer Agents**
  Karvy Computershare Private Limited
  Karvy Selenium, Tower B, Plot 31 & 32,
  Financial District, Gachibowli,
  Hyderabad - 500032
  Website : www.karvy.com
  E-mail : support@karvy.com
  einward.ris@karvy.com



Dear Shareholders,

From a standing start a little over 10 years ago, your company has established leadership and in its new avatar now commands a market cap of $1 bn. It has been my privilege to lead a fine team and to welcome a new member to the family this year.

You will recall, Mahindra CIE had started it's journey three years ago when we had laid out a two phased strategy. The first phase focused on financial consolidation which I am happy to report, has progressed well.

This year your company has now entered the second phase of it's strategy and intends to take advantage of earnings accretive inorganic opportunities as the primary driver for growth.

And it is this strategy that has seen us acquiring Bill Forge, a market-leading precision forging company with the same values and a complementary set of customers and technologies. Anil Haridas and his team are based in Bangalore, India and have 6 manufacturing facilities in India across Bangalore, Coimbatore and Haridwar and a recently commissioned plant in Celaya, Mexico.

This phase of growth necessitates a much tighter integration with the parent group. And as part of this integration process, we are pleased to welcome Ander Arenaza, a seasoned CIE hand as our new CEO. He and I will work together with the global team in an endeavor to deliver on an ambitious strategic plan.

The European operations have seen some pain and I am happy to report that it is behind us. The Indian operations have concentrated on maintaining profitability and have resulted in maintaining their performance level despite challenging market conditions.

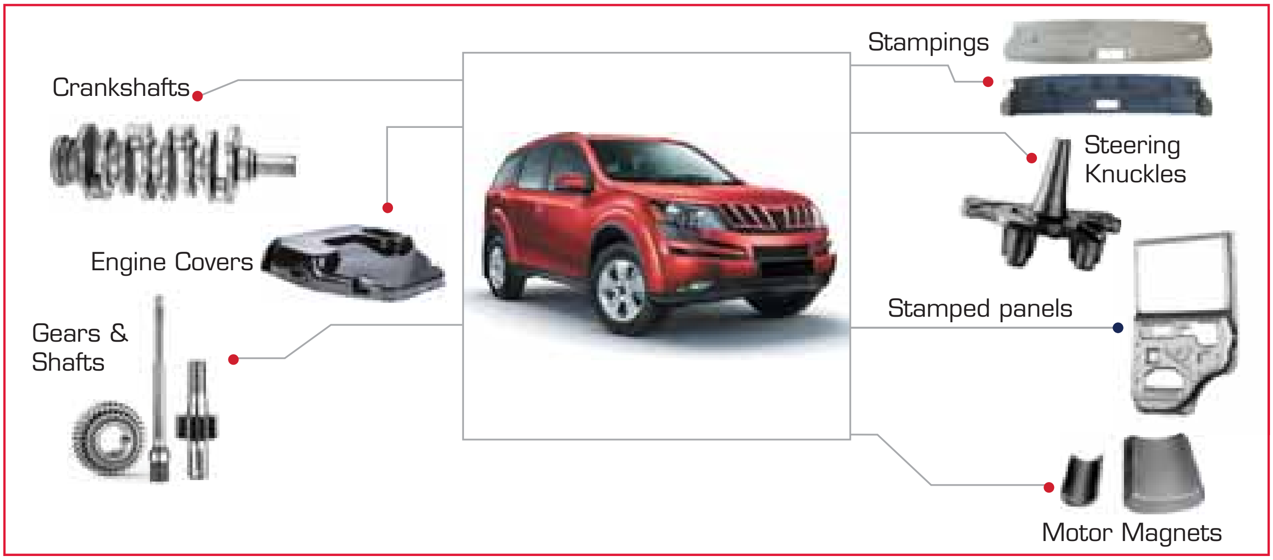
We intend to build on the base we have set for ourselves and embark on our growth journey with a view of maximizing every reasonable opportunity that comes our way. At the same time we are building our capabilities by fine tuning our processes to improve overall ability to deliver on our promises.

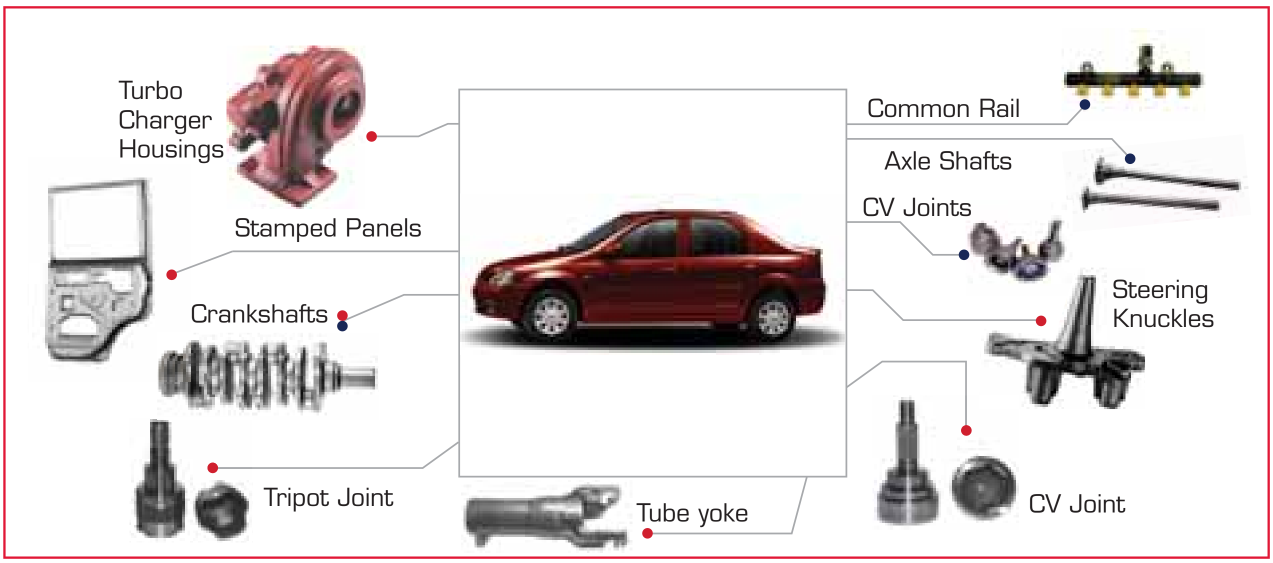
In implementing the strategic plan we are fortunate to have strong personal support of both Chairmen at M&M and CIE and are grateful for the trust that has been reposed in us by shareholders, customers and our employees.

Given that support and combined commitment to the highest standards of governance and performance, we expect to be able to deliver to your expectations.

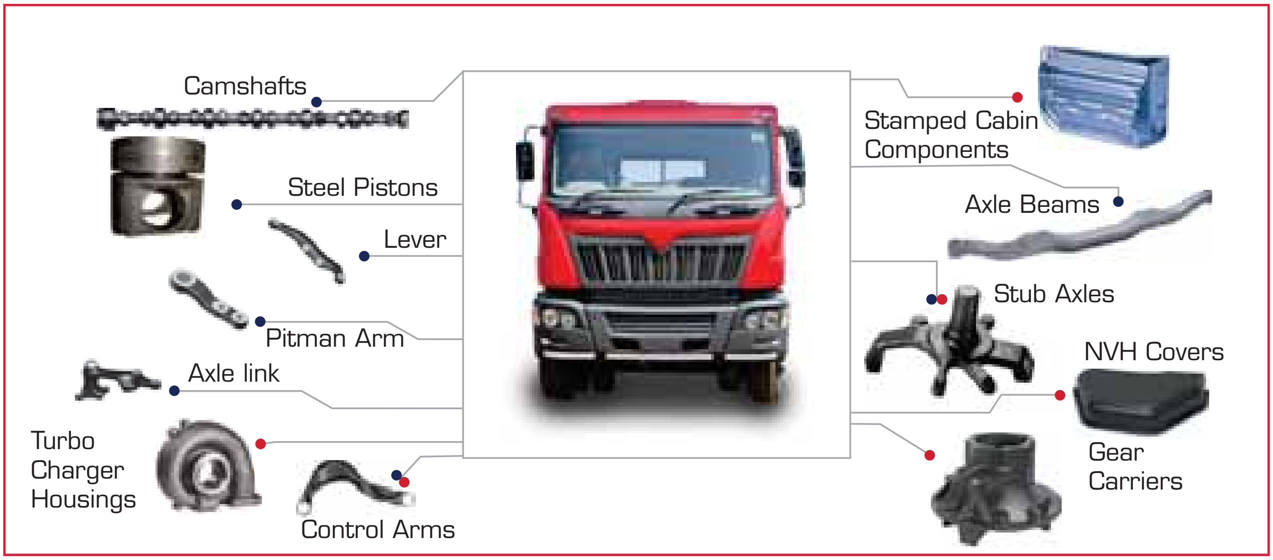
Yours Sincerely, Atentamente,

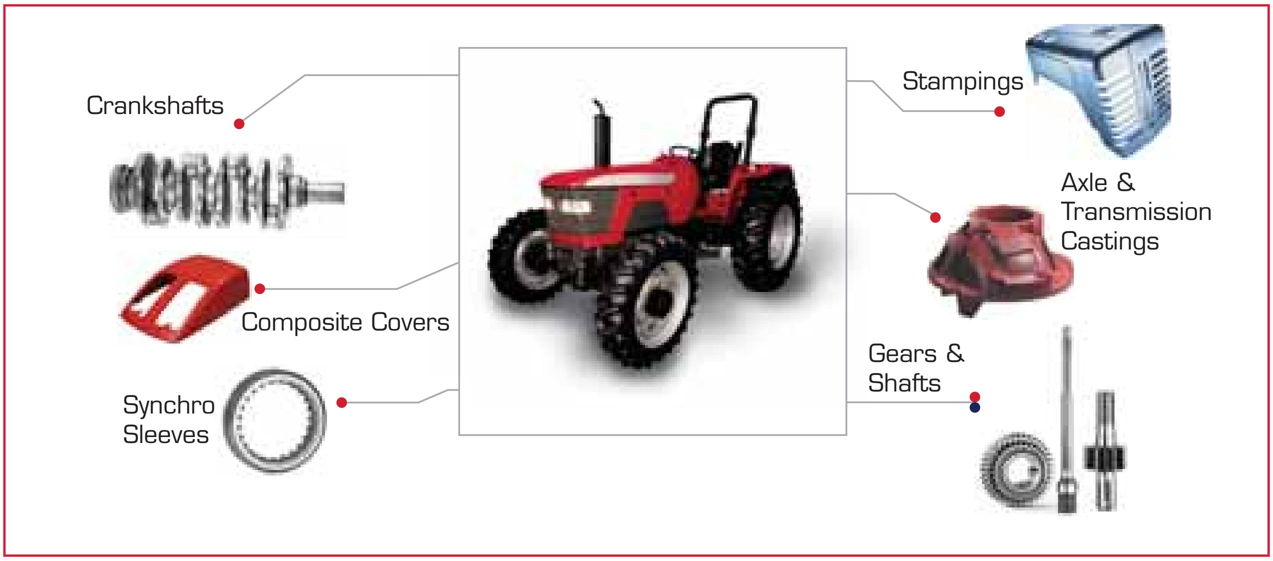
Hemant Luthra
Chairman – Mahindra CIE





● INDIA ● EUROPE





● INDIA ● EUROPE

ADDITION TO THE FAMILY.. BILL FORGE

ACE - Machining

Hot Forge Billet

CV Rack rolling

Forging tool milling

Gear Blank machining

QA measurement

Warm Forging Line - MX1

Hot Forging - Die Heating

Heat Treatment - Normalising Operation

Hot Forging - Stage 3

OUR FACILITIES

Forgings Press At Forging Pune

Machining Line At Forgings Pune

12000t Press At Mahindra Forging Europe

Truck Axle Forging At Mahindra Foring Europe

Crankshaft Facility At Cie Forging Galfor, Spain

Production Facility At Cie Forging Legazpi, Spain

New Gears Plant At Pune

Automated Gear Production At Metalcastello, Italy

New Stampings Plant At Zaheerabad

Casting Line At Castings, Pune

Soft Ferrite Magnetic Cores Production Facility At Pune

2000 T Moulding Press At Composites, Pune

DIRECTORS' REPORT

Dear Shareholders

Your Directors present their Report together with the audited financial statements of your Company for the Financial Year (FY) ended 31st December, 2016.

A. FINANCIAL AND OPERATIONAL HIGHLIGHTS (STANDALONE)

(₹ in Million)

PARTICULARS	FY ended 31st December, 2016* (12 months period)	FY ended 31st December, 2015* (9 months period)
Total Revenue	18,085.5	13,368.1
Profit before Interest, Depreciation, Exceptional Items and Tax	1,660.3	1,070.3
Less : Depreciation	710.3	538.3
Profit before Interest, Exceptional Items and Tax	950.0	532.0
Less : Interest and Finance cost	71.0	32.6
Profit before Exceptional Items and Tax	879.0	499.4
Less: Exceptional items	90.2	-
Profit before tax	788.7	499.4
Profit after tax	514.5	313.1
Other Comprehensive Income		
A) i. Items that will not be reclassified as profit or loss	(29.0)	(9.0)
ii. Income tax relating to items that will not be reclassified as profit or loss	10.0	3.1
B) i. Items that will be reclassified as profit or loss	-	-
ii. Income tax relating to items that will not be reclassified as profit or loss	-	-
Other Comprehensive income/ (loss)	(19.0)	(5.9)
Total Comprehensive income	495.2	307.3

* The figures are not comparable. Current Financial Year of the Company ended on 31st December, 2016 covering a period of 12 months and Previous Financial Year covered a period of 9 months from 1st April, 2015 to 31st December, 2015. Current year and previous year figures have been prepared under Ind AS.

Financials

During the Financial Year under review your Company registered a total Revenue of ₹ 18,085.5 Million for 12 months as against ₹ 13,368.1 Million for 9 months in the previous year and Profit before Interest, Depreciation, Exceptional items and Tax of ₹ 1,660.3 Million for 12 months as against ₹ 1,070.3 Million for 9 months in the previous year. The net profit after tax for the current financial year stood at ₹ 514.5 Million as against a net profit of ₹ 313.1 Million over the 9 months in the previous financial year.

There have been no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of this Report.

Dividend

Your Directors do not recommend any dividend for the Financial Year.

Transfer to Reserves

The Company has not transferred any amount of profits to reserves.

OPERATIONAL REVIEW

India

Your Company has focused on increasing plant efficiency and has focussed on improving margins through continuous improvements. With the help of CIE, the different verticals of the Indian operations will pursue business with Western OEMS in India such as VW, Renault, GM and Ford where CIE in Europe has a strong presence. Thus the approach has been to focus on improving plant operations, maintaining margins through continuous improvements and strive for growth.

Acquisition of Bill Forge Private Limited ("BFPL")

During the Financial Year, the Board at its meeting held on 12th September, 2016 approved the proposal for acquisition of BFPL for a total consideration of ₹ 13,312 Million. At the Extra-ordinary General Meeting held on 13th October, 2016 shareholders of the Company approved the proposal to issue of 54,491,563 equity shares by way of preferential allotment of equity shares to part finance the acquisition of BFPL. The Company completed the acquisition of entire share capital of BFPL on 25th October, 2016.

BFPL is an Indian supplier of forged and machined automotive components which expect to result in expansion of business and creation of further growth opportunities, widen our forgings-based product portfolio. Bill Forge acquisition resulted in the increased access to customers focusing on two-wheelers, three-wheelers and passenger cars, which help us in diversifying our customer portfolio.

Germany and UK

The turnaround in Germany is in the process and the endeavor would be to ensure that profit margins are brought to acceptable levels in the next few quarters. As reported earlier, the JECO plant has been closed down and its products have been shifted to the other plants in Germany. The UK operations are very small and with acceptable level of performance.

Spain and Lithuania

These plants have been consistently profitable over the last few years and profit margins are in line with the consolidated margins of the CIE group worldwide. The strategic focus is to maintain profitability at these plants while growing with the market.

Italy

The Italian operations were successfully turned around in 2015 and now the efforts are towards maintaining margins. The operations also aims at improving revenues by exploring new market segments since the existing market segment of off-road and Agricultural machinery has not performed so well over the last few years.

Gears India

Gears India has significant dependence on the Indian tractor market. It is continuously diversifying its customer base, focusing on exports and the domestic four wheeler market.

Investor Relations (IR)

Your Company continuously strives for excellence in its Investor Relations ("IR") engagement with International and Domestic investors through structured conference-calls and periodic investor/analyst interactions like individual Meetings, Telepresence Meetings, participation in investor conferences, quarterly earnings calls and annual analyst meet from time to time. Your Company interacted in a number of investor meets organized by reputed Global and Domestic Broking Houses, during the year.

Your Company always believes in building a relationship of mutual understanding with investor/analysts. Your Company ensures that critical information about the Company is available to all the investors by uploading all such information at the Company's website.

B. CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Company and its subsidiary companies prepared in accordance with the Companies Act, 2013 (the Act) and applicable Accounting Standards along with all relevant documents and the Auditors' Report thereon forms a part of this Annual Report. The Consolidated Financial Statements presented by the Company include the financial results of subsidiary companies.

In accordance with section 136 of the Act, the separate accounts in respect of each of the Subsidiaries are uploaded on the website of the Company at Web-link: http://www.mahindracie.com/investors/investor-relations/annual-report.html#subsidiaries-annual-report and copies of the same shall be provided to shareholders of the Company on receipt of request for such copies.

Subsidiary Companies

The subsidiary companies continue to contribute to the overall growth of the Company.

Mahindra Forgings Europe registered a consolidated revenue from operations of ₹ 14,861 Million during the financial year ended 31st December, 2016 as compared to ₹ 12,072 Million in the previous period of nine months from 1st April to 31st December, 2015. The consolidated net loss after tax for the financial year under review was ₹ 886 Million as compared to net profit of ₹ 47 Million in the previous period.

CIE Galfor S.A. registered a consolidated revenue from operations of ₹ 14,863 Million during the financial year ended 31st December, 2016 as compared to ₹ 10,554 Million in the previous period of nine months from 1st April to 31st December 2015. The consolidated net profit after tax for the financial year under review was ₹ 1,735 Million as compared to ₹ 817 Million in the previous period.

Metalcastello S.p.A. registered a revenue from operations of ₹ 3,637 Million during the financial year ended 31st December, 2016 as compared to ₹ 2,530 Million in the previous period of nine months from 1st April to 31st December, 2015. The consolidated net profit after tax for the financial year under review was ₹ 252 Million as compared to ₹ 101 Million in the previous period.

Bill Forge Private Limited registered a consolidated revenue from operations of ₹ 1,752 Million during the period from 1st October 2016 to 31st December, 2016 after acquisition. The consolidated net profit after tax for the same period (1st October to 31st December, 2016) was ₹ 81 Million.

Mahindra Gears and Transmissions Private Limited registered a consolidated revenue from operations of ₹ 1,592.8 Million during the financial year ended 31st December, 2016 as compared to ₹ 1,059 Million in the previous period of nine months from 1st April to 31st December 2015. The consolidated net profit after tax for the financial year under review was ₹ 72 Million as compared to ₹ 52 Million in the previous period.

The Company's consolidated total revenue from operations was ₹ 55,245 Million in the financial year ended 31st December, 2016, 67.6% of which was derived from the subsidiaries whereas 32.4% was derived from operations of the Company.

At the beginning of the Financial Year the Company had 17 subsidiaries namely Mahindra Forgings International Limited (Mauritius), Mahindra Forgings Global Limited (Mauritius), Stokes Group Limited (U.K.), Mahindra Gears & Transmissions Private Limited (India), Mahindra Gears Global Limited (Mauritius), CIE Galfor S.A. (Spain), Mahindra Forgings Europe AG (Germany), Jeco Jellinghaus GmbH (Germany), Stokes Forgings Ltd. (U.K.), Stokes Forgings Dudley Ltd. (U.K.), Gesenkschmiede Schneider GmbH (Germany), Falkenroth Umformtechnik GmbH (Germany), Schoneweiss & Co. GmbH (Germany), Metalcastello S.p.A. (Italy), CIE Legazpi S.A. (Spain), UAB CIE LT Forge (Lithuania) and Crest Geartech Private Limited (India).

During the year, Bill Forge Private Limited (India) [BFPL], became a subsidiary of the Company w.e.f. 19th October, 2016 and a wholly owned subsidiary of the Company with effect from 25th October, 2016. The subsidiaries of BFPL namely BF Precision Private Limited (India), Bill Forge Global DMCC (Dubai) and Bill Forge de Mexico S de RL de CV (Mexico) became step down wholly owned subsidiaries of the Company from dates mentioned above.

No subsidiaries were liquidated or sold during the Financial Year under review.

Crest Geartech Private Limited, Stokes Forgings Limited and Stokes Forgings Dudley Limited are dormant companies. Further Jeco Jellinghaus GmbH has been operationally closed, however as on 31st December, 2016 formalities for legal closure of Jeco were in progress.

Mahindra Forgings International Limited (MFIL), Mahindra Forgings Global Limited (MFGL) and Mahindra Gears Global Limited (MGGL) are not carrying on any business operations except for investing in operating entities abroad. Further, Bill Forge de Mexico S de RL de CV (Mexico) has not commenced its operation yet. All other subsidiaries were operational.

With a view of rationalising multiple foreign subsidiaries in the group and to ensure optimised legal entity structure more aligned with the business and thereby obtaining simplification benefits and cost savings by elimination of administrative functions and multiple record-keeping, the Board of Directors of the Company at its meeting held on 12th December, 2016 approved the scheme of Amalgamation of MFIL and MFGL with the Company. The Board also accorded its approval for reverse merger of MGGL with Metalcastello S.p.A. Further the Board of Directors of Bill Forge Private Limited approved the proposal for closure of Bill Forge Global DMCC (Dubai) at its meeting held on 5th January, 2017.

Since MFGL and MFIL are wholly-owned subsidiaries of the Company, no shares will be issued as consideration for the amalgamation and the shares held by MCIE in MFGL and MFIL shall stand cancelled. As a result, the shareholders of MCIE will continue to remain beneficial owners of MCIE in the same proportion in which they hold shares in MCIE prior to amalgamation.

As required under section 129(3) of the Companies Act, 2013 read with the Rules, a statement containing the salient features of the financial statement of the subsidiaries in prescribed form AOC-1 is attached to the Financial Statements. This statement reports the performance and financial position of each of the subsidiaries included in the consolidated financial statement.

The Company has formulated a Policy for Determining Material Subsidiaries and the same has been uploaded on the website of the Company at http://www.mahindracie.com/images/pdf/resources/Governance/Policy_on_Material_Subsidiary.pdf

C. INTERNAL FINANCIAL CONTROLS

Your Company uses SAP ERP System as a business enabler and also to maintain its books of accounts. The Transactional Controls built in SAP ERP System ensure appropriate segregation of duties, appropriate level of approval mechanism and maintenance of supporting documents. The System, Standard Operating Procedures are reviewed by management. These systems and controls are audited by the Internal Auditors and their findings and recommendations are reviewed by the Audit Committee along-with the action taken reports on the same.

Your Company has in place adequate internal financial controls commensurate with the size, scale and complexity of its operations. Review of the internal financial controls environment of the Company was undertaken during the previous year which covered verification of entity level control, process level control and IT controls, identification, assessment and definition of key business processes and analysis of risk control matrices, etc. During the period under review, effectiveness of internal financial controls was evaluated. Reasonable Financial Controls are operative for all the business activities of the Company and no material weakness in the design or operation of any control was observed. The internal financial controls with reference to the Financial Statements are commensurate with the size and nature of business of the Company.

Indian Accounting Standards (Ind AS)

Your Company has adopted Indian Accounting Standards (“Ind AS”) for the accounting periods beginning on 1st January, 2016 pursuant to Ministry of Corporate Affairs Notification dated 16th February, 2015 notifying the Companies (Indian Accounting Standards) Rules, 2015.

D. MANAGEMENT DISCUSSION AND ANALYSIS

Management discussion and analysis of financial condition and results of operations of the Company along-with the performance and financial position of each of the subsidiaries is provided in the Management Discussion and Analysis Report which forms part of this Annual Report.

E. CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All Related Party Transactions entered during the year were in the Ordinary Course of Business and at arm's length basis.

During the year under review, your Company had entered into Material Related Party Transactions, i.e. transactions exceeding ten percent of the annual consolidated turnover as per the last audited financial statements of the Company, with Mahindra & Mahindra Limited. These transactions too were in the Ordinary Course of Business of your Company and were at arm's length Basis. Details of these transactions, as required to be provided under section 134(3)(h) of the Companies Act, 2013 are disclosed in Form AOC-2 as ***Annexure I*** and forms part of this Report.

The Company has formulated a Policy on materiality of and dealing with Related Party Transactions and the same has been uploaded on the website of the Company at http://www.mahindracie.com/images/pdf/resources/Governance/Policy_on_Related_Party_Transaction.pdf

F. AUDITORS

Statutory Auditors and Auditor’s report

Pursuant to section 139 of the Companies Act, 2013 read with the Rules framed thereunder, the term of office of Messrs. B. K. Khare & Co., Chartered Accountants, Mumbai (Firm Registration No. 105102W), as Statutory Auditors of the Company will conclude at the conclusion of forthcoming Annual General Meeting of the Company.

The Board placed on record its appreciation for the services rendered by Messrs. B. K. Khare & Co., as the Statutory Auditors of the Company.

In accordance with the provisions of section 139 of the Companies Act, 2013 read with the Rules framed thereunder the Board of Directors of the Company on the recommendation of the Audit Committee, proposed the appointment of Price Waterhouse Chartered Accountants LLP (Firm Registration No. 012754N/N500016) as the Statutory Auditors of the Company who shall hold the office as Statutory Auditors of the Company from the conclusion of ensuing 18th Annual General Meeting of the Company (AGM) for a term of consecutive five years till the conclusion of 23rd AGM, subject to ratification by members at every AGM. The appointment of Price Waterhouse Chartered

Accountants LLP as the statutory auditors of the Company is placed before the members for approval at the ensuing Annual General Meeting of the Company.

As required under the provisions of section 139(1) of the Companies Act, 2013 the Company has received a written consent from Price Waterhouse Chartered Accountants LLP for their appointment and a certificate, to the effect that their appointment, if made, would be in accordance with the Companies Act, 2013 and the Rules framed thereunder and that they satisfy the criteria provided in section 141 of the Companies Act, 2013 read with Rule 4(1) of the Companies (Audit and Auditors) Rules, 2014 and that they are not disqualified for appointment.

The members are requested to consider the appointment of statutory auditors as aforesaid and fix their remuneration.

The Auditors' Report on the Financial Statement for the year ended 31st December, 2016, is unmodified i.e. it does not contain any qualification, reservation or adverse remark and notes thereto are self explanatory and do not require any explanations.

Secretarial Auditor

Pursuant to the provisions of section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the Company has appointed Mr. Sachin Bhagwat, Practicing Company Secretary (Certificate of Practice No. 6029), Pune as Secretarial Auditor to conduct the Secretarial Audit of the Company for the Financial Year ended 31st December, 2016. The Secretarial Audit Report for the Financial Year ended 31st December, 2016 is appended to this Report as ***Annexure II***.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

Cost Auditors

The Board had appointed Messrs. Dhananjay V. Joshi & Associates, Cost Accountants, Pune, (Firm Registration Number 000030) for conducting the audit of Cost Accounting Records maintained by the Company for the Financial year ended 31st December, 2016.

The Board of Directors on recommendation of the Audit Committee, appointed Messrs. Dhananjay V. Joshi & Associates, Cost Accountants, Pune (Firm Registration Number 000030) as the Cost Auditors of the Company to conduct the Audit of the Cost Accounting Records maintained by the Company for the Financial Year commencing from 1st January 2017 under section 148 of the Companies Act, 2013. The Cost Auditors have confirmed that their appointment is within the limits of section 141(3)(g) of the Companies Act, 2013 and have also certified that they are free from any disqualifications specified under section 141(3) and proviso to section 148(3) read with section 141(4) of the Companies Act, 2013.

The Audit Committee has also received a Certificate from the Cost Auditor certifying their independence and arm's length relationship with the Company.

As per the provisions of the Companies Act, 2013, the remuneration payable to the Cost Auditor is required to be placed before the Members in the ensuing Annual General Meeting for their ratification. Accordingly, a Resolution seeking Members' ratification for the remuneration payable to Messrs. Dhananjay V. Joshi & Associates, Cost Accountants, Pune is included in the Notice convening the Annual General Meeting.

Reporting of Frauds by Auditors

During the year under review, the Statutory Auditor, Cost Auditor and the Secretarial Auditor have not reported any instances of frauds committed in the Company by its Officers or Employees to the Audit Committee under section 143(12) of the Companies Act, 2013, details of which needs to be mentioned in this Report.

G. PARTICULARS OF LOANS, GUARANTEES, INVESTMENTS AND SECURITIES

Particulars of loans given, investments made, guarantees given and securities provided along with the purpose for which the loan or guarantee or security are given is provided in the note no. 9 & 11 of the notes to the Standalone Financial Statements.

The Company has not made any loans and advances in the nature of loans to subsidiaries or to firms/companies in which directors are interested. Hence disclosure pursuant to Regulation 34(3) read with Part A of Schedule V of the Listing Regulations is not required.

H. PUBLIC DEPOSITS AND LOANS/ADVANCES

Your Company has not accepted any deposits from the public or its employees during the year under review.

I TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

The Company has not declared any dividend so far however, pursuant to the Integrated scheme and the Composites scheme Mahindra Ugine Steel Company Limited (MUSCO) and Mahindra Composites Limited (MCL) merged with the Company. Both MUSCO and MCL had unclaimed dividends which are transferred in the Books of the Company.

During the year, pursuant to the provisions of section 205C of the Companies Act, 1956 and Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, the Company has transferred ₹ 296,970/- to Investor Education and Protection Fund (IEPF) in respect of the dividend declared by MCL (Transferor Company amalgamated with MCIE) for Financial Year ended on 31st March, 2009.

In October 2006 the Company had redeemed the Redeemable Preference Shares issued to the shareholders of Amforge Industries Limited pursuant to the scheme of demerger duly approved by the Hon'ble Bombay High Court. The warrants in respect of redemption proceeds were duly dispatched to all the holders of preference shares, however an amount of ₹ 4,120,675/- had remained unclaimed with the Company for more than seven years. During the year, Section 125(2) of the Companies Act, 2013 (the Act) and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 became effective from 7th September, 2016. Accordingly pursuant to Section 125(2)(m) of the Act, the Company has transferred the said unclaimed redemption amount of preference shares of ₹ 4,120,675/- to IEPF.

The Company has uploaded the details of said unpaid and unclaimed amounts now lying with the Company on the website of the Company at http://www.mahindracie.com/investors/downloads/documents.html#unclaimed-amounts

No claim lies against the Company in respect of these dividends or redemption amount of Preference Shares.

J. EMPLOYEES

Key Managerial Personnel (KMP)

Apart from the Managing Director and Executive Directors, Mr. Romesh Kaul, Chief Executive – Stampings and Composites Division, Mr. K. Jayaprakash, Chief Financial Officer, and Mr. Krishnan Shankar, Company Secretary and Head-Legal are the KMPs of the Company.

During the year under review following changes took place in the KMP's;

a) The Board, on recommendation of Nomination and Remuneration Committee appointed Mr. Ander Arenaza Álvarez, as Chief Executive Officer of the Company w.e.f. 26th July, 2016. Mr. Arenaza was later appointed as Additional Director w.e.f. 13th September, 2016.

b) Mr. Sanjay Joglekar, Chief Financial Officer of the Company retired from the services of the Company with effect from 30th September, 2016.

c) On the recommendation of the Nomination and Remuneration Committee and the Audit Committee, the Board of Directors of the Company at its meeting held on 24th October, 2016 appointed Mr. K. Jayaprakash as Chief Financial Officer of the Company with effect from 24th October, 2016.

Employees' Stock Option Scheme

The Company has in force the following Schemes which get covered under the provisions of SEBI (Share Based Employee Benefits) Regulations, 2014 ("SBEB Regulations"):

a) Mahindra CIE Automotive Limited - Employees' Stock Option Scheme (ESOS-2007)

b) Mahindra CIE Automotive Limited - Employees' Stock Options Scheme 2015 (ESOS–2015)

Voting rights on the shares issued to employees under above ESOS are either exercised by the employees directly or through their appointed proxies.

During the year, there have been no material changes to these schemes. No stock options have been granted by the Company under ESOS-2007. Further, the Company has granted 1,591,280 options under ESOS-2015 as on 31st December, 2016.

Both the schemes are in compliance with the SBEB Regulations, 2014. The Certificate issued by the Statutory Auditors of the Company to the effect that the Schemes have been implemented in accordance with the said Regulations and the resolution passed by the members will be placed before the shareholders at the ensuing Annual General Meeting.

The information as required to be disclosed, in relation to ESOS under the Companies Act, 2013, and the details of the ESOS being implemented, as specified by SEBI under Clause 14 of the Securities and Exchange Board of India SBEB Regulations, 2014 is uploaded on the website of the Company at http://www.mahindracie.com/investors/investor-relations/governance.html

The said information is also provided in the Note No. 15 of the Notes to Financial Statements.

Particulars of Employees and related disclosures

Disclosures with respect to the remuneration of Directors, KMPs and employees as required under section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in ***Annexure III*** to this Report.

Further, as required under provisions of section 197(12) of the Companies Act, 2013 read with Rule 5(2) & 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, a statement including the names and other details of the top ten employees in terms of remuneration drawn and the name of every employee, who were in receipt of remuneration not less than ₹ 10,200,000/- per annum during the year ended 31st December, 2016 or employee who were employed for a part of the Financial Year and were in receipt of remuneration of not less than ₹ 8,50,000/- per month during any part of the said year is annexed as ***Annexure IV*** to this report.

The Company do not have any employee who was employed throughout the Financial Year or part thereof and was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company.

Industrial Relations

Industrial Relations generally remained cordial and harmonious throughout the year.

The Management Discussion and Analysis Report give an overview of the developments in Human Resources/Industrial Relations during the year.

K. BOARD AND COMMITTEES

Directors

During the year under review, Mr. Pedro Jesus Echegaray Larrea resigned as a Director (Executive Director) of the Company w.e.f. 12th September, 2016.

The Board, at its meeting held on 12th September, 2016, on recommendation of Nomination and Remuneration Committee, appointed Mr. Ander Arenaza Álvarez as Additional Director with effect from 13th September, 2016. Mr. Arenaza holds office as Additional Director upto the date of the next Annual General Meeting pursuant to section 160 of the Companies Act, 2013 and Article 179 of the Articles of Association of the Company. Mr. Arenaza being CEO of the Company was also appointed as whole-time Director (Designated as Executive Director) for a term of 3 years w.e.f. 13th September, 2016.

The shareholders at Extra-ordinary General Meeting held on 13th October, 2016 accorded their approval for appointment of Mr. Ander Arenaza Álvarez (DIN: 07591785) as a Whole-time Director (Executive Director) of the Company for a period of 3 (three) years with effect from 13th September, 2016.

Mr. Zhooben Dosabhoy Bhiwandiwala and Mr. Antonio Maria Pradera Jauregui, Directors on the Board, are liable to retire by rotation at the ensuing annual general meeting, pursuant to provisions of section 152 of the Act and the Articles of Association of the Company and offered themselves for re-appointment at the 18th Annual General Meeting of the Company scheduled to be held on 27th April, 2017.

Detailed profile of the Directors seeking re-appointment along-with other details as may be required are provided in the Corporate Governance Report which forms part of this Annual Report.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Directors' Responsibility Statement

Pursuant to sub-section (5) of section 134 of the Companies Act, 2013, your Directors, based on the representation received from the Operating Management, and after due enquiry, confirm that :

a) in the preparation of the annual accounts for the Financial Year ended 31st December, 2016, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the Financial Year ended 31st December, 2016 and of the profit and loss of the company for that period;

c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the directors had prepared the annual accounts for the Financial Year ended 31st December, 2016 on a going concern basis

e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

(f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Meetings of Board of Directors

A calendar of Meetings is prepared and circulated in advance to the Directors.

The Board of Directors of the Company met nine times during the Financial Year ended 31st December, 2016, viz. 19th January, 2016; 22nd February, 2016, 22nd April, 2016, 17th May, 2016, 26th July, 2016, 12th September, 2016, 24th October, 2016, 11th November, 2016 and 12th December, 2016.

Details of attendance of meetings of the Board, its Committees and the AGM are included in the Report on Corporate Governance, which forms part of this Annual Report.

Meeting of Independent Directors

The Independent Directors met once during the financial year under review. The Meeting was conducted in an informal manner without the presence of the Non-Independent Directors and members of management.

Performance Evaluation of the Board

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, and that of its Committees as well as performance of the Directors individually.

Your Company has formulated a criteria for performance evaluation of the Board as a Whole, Individual Directors, Committees which also includes feedback to the Chairman.

Feedback was sought by way of a structured questionnaire, based on criteria approved by the Nomination and Remuneration Committee, for evaluation of performance of Board, Committees of Board and Individual Directors. The members were also able to give qualitative feedback apart from the standard questionnaire. The Board on recommendation of the Nomination and Remuneration Committee, approved to obtain the feedback of all the Directors on the said Questionnaire through electronic platform. An Independent Agency was appointed to provide the electronic platform. Web link of the electronic platform along-with username and passwords of respective board members for accessing such platform was forwarded by the Independent Agency.

The Board Members provided their feedback on the standard questionnaire through the electronic platform.

The reports of feedback received from all Directors on performance evaluation of Individual Directors were shared with respective Directors and Chairman of the Nomination and Remuneration Committee. The Committee evaluated the performance of all individual directors based on the feedback so received.

The report of the feedback received from all the Directors on performance evaluation of Board and Committees of Board were shared with the Chairman of the Company. The Board on the basis of feedback so received evaluated performance of its own and Committees of Board. Performance Evaluation of the Chairman of the Company was carried out by the Independent Directors of the Company, taking into account feedback of all the Directors including the Executive and Non-executive Directors.

Familiarisation Programme for Independent Directors

The details of programmes for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are given in the Report on Corporate Governance. The familiarisation programme and other disclosures as specified under regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is available on the website of the Company at the link: http://www.mahindracie.com/investors/investor-relations/governance.html

Policy on Appointment and Remuneration

In line with the principles of transparency and consistency, your Company has adopted the following Policies which inter alia, includes the criteria for determining qualifications, positive attributes and independence of Directors.

i) A policy for the remuneration of Directors, Key Managerial Personnel and other employees of the Company.

ii) Policy on appointment of Directors and Senior Management and succession planning for orderly succession to the Board and the Senior Management.

The Policies mentioned at (i) and (ii) above are attached as ***Annexure V & VI*** respectively and forms part of this Report.

Committees of the Board

Your Company has duly constituted the Committees required under the Companies Act, 2013 read with applicable Rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Audit Committee which consists of the Independent Directors namely Mr. Daljit Mirchandani as the Chairman, Mr. Jose Sabino Velasco Ibanez, Mr. Juan Maria Bilbao Ugarriza, Mr. Manoj Maheshwari and Mr. Dhananjay Mungale. During the year, the Board of Directors of the Company had reconstituted the Audit Committee and appointed Mr. Juan Maria Bilbao Ugarriza Independent Director of the Company, as member of Audit Committee, with effect from November 11, 2016.

All the Members of the Committee are Independent Directors and possess strong accounting and financial management knowledge. The Company Secretary of the Company is the Secretary to the Committee. All the recommendations of the Audit Committee were accepted by the Board during the financial year under review.

The other Committees of the Board are:

i) Nomination and Remuneration Committee

ii) Stakeholders Relationship Committee

iii) Corporate Social Responsibility Committee

iv) Allotment Committee

The details with respect to the composition, powers, roles, terms of reference, Meetings held and attendance of the members at such Meetings of the relevant Committees are provided in the Report on Corporate Governance of the Company which forms part of this Annual Report.

L. GOVERNANCE

Corporate Governance

Your Company's philosophy on Corporate Governance sets the goal of achieving the highest level of transparency, accountability in all its dealings with the stakeholders, employees and the government. The practice of responsible governance has enabled your Company to achieve sustainable growth, while meeting the aspirations of its stakeholder's and societal expectations. A report on Corporate Governance along with a Certificate from the Auditors of the Company regarding the compliance with the conditions of Corporate Governance as stipulated under Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of this Annual Report.

Vigil Mechanism

The Vigil Mechanism as envisaged in the Companies Act, 2013, the Rules prescribed thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is implemented through the Company's Whistle Blower Policy to enable the Directors, employees and all stakeholders of the Company to report genuine concerns, to provide for adequate safeguards against victimisation of persons who use such mechanism and make provision for direct access to the Chairman of the Audit Committee. The detail of such Policy is explained in the Corporate Governance Report and has been uploaded on the website of the Company. http://www.mahindracie.com/investors/investor-relations/governance.html

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this Policy. The Policy is gender neutral.

During the year, there were no complaint of discrimination and harassment including sexual harassment received by the committee or by any of the senior executives.

Business Responsibility Report

The 'Business Responsibility Report' (BRR) of your Company for the year 2016 forms part of this Annual Report as required under Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Your Company strongly believes that sustainable and inclusive growth is possible by using the levers of environmental and social responsibility while setting aspirational targets and improving economic performance to ensure business continuity and rapid growth.

Risk Management Framework

Your Company has a risk management framework in place. The risk management framework works at various levels. The Company has a robust Organisational structure for managing and reporting on risks. In terms of the requirement of the Act, the Company has developed and implemented the Risk Management Framework and the Audit Committee of the Board as well as the Board reviews the same periodically. Your Company has also established procedures to periodically place before the Board, the risk assessment and minimisation procedures being followed by the Company and steps taken by it to mitigate the Risks.

Brief of the Risk Management Framework is provided in corporate governance report. Important element of risk, including risk which may threaten the existence of the Company are provided in the Management Discussion and Analysis Report.

M. SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

Sustainability

Your Company's vision on sustainability is to continuously improve our capability by integrating environmental, social, and economic aspects in operations for creating better tomorrow than today. In line with its vision the Company has identified and implemented various projects for reduction in waste, energy and GHG emissions, to achieve the targets set under its Sustainability Roadmap.

Awareness on sustainability

Awareness about the need and the ways to drive sustainable business practices among all stakeholders is key to perpetual growth. The Company continues its initiatives to generate this awareness among employees who are the most important internal stakeholders of the organisation. This awareness campaign was taken to the external stakeholders, suppliers, contractors and vendors.

Safety, Health and Environment Performance

Your Company has a Safety, Occupational Health and Environmental (SH&E) policy on occupational health, safety and environmental protection through which every employee is made responsible for the observance of the measures designed to prevent accidents, damage to property, occupational ill-health and avoidable environmental pollutants.

Safety and Health

All our existing plants continued their EHSMS certification status through external assessment by renowned bodies like Bureau Veritas, TUV Nord, TUV SUD and DNV. For further enhancement in the performance, near mis incident reporting system, property damage incident investigations and Behavioral based safety systems are being launched in each site in a phased manner. The new site of Gears-Chakan has completed its system certification for Environmental, Occupational Health and Safety Management in April 2016. The Stamping's Zaheerabad unit shall complete their EHSMS certification by June, 2017.

The Safety Committee of each plant meets periodically to review the status of safety issues and reporting of accidents, if any. Your Company's plant continues to improve their wellbeing of all its personnel by organising Occupational Health Examination Camps, Periodic Health Check-ups etc.

Environmental Initiatives

Since the last few years, your Company has been focusing external certifications for achieving world class environmental standards.

All plants of the Company except Zaheerabad Plant are certified for EHSMS certification using ISO 14001 and BS OHSAS 18001 standards. The OHSAS system aims to eliminate or minimize risk to employees and other interested parties who may be exposed to Occupational Safety risks in the Company. Sustainable development is promoted through sharing of best practices in the fields of Safety, Occupational Health & Environment.

Your Company considers safety as a value and not just a priority. The Company has taken all possible safety measures to prevent injuries. In most of the plants there were no reportable injuries except for a major unfortunate incident of fatal nature at Stampings-Kanhe Plant. A thorough investigation was carried out to identify root cause(s) and immediate steps have been taken to eliminate the causes to prevent recurrence.

The highlights of different initiatives taken by your Company at its various Plants for environment and sustainability are as under:

1) **Water:** On the whole, all plants have continued their efforts for water conservation. The major water consuming plants like Foundry, Paint shop in Stampings Rudrapur and Magnetic products division have taken good initiatives. Due to such initiatives your Company has recycled about 79 thousand cubic meters of water in process & also has reused about 60 thousand cubic meters of water for alternative applications like Gardening / Die washing.

   Rain water harvesting is done at Foundry Urse, Forging Chakan & Stamping Nashik, which resulted in saving use of 3000 Cubic meters of fresh water.

2) **Energy:** While each plant continued their focused programs for energy conservation like VFD installations, LED lighting, Arresting air leakages, Lighting Energy saver etc. these projects have helped achieving specific energy consumption targets in most of the plants. In absolute terms, we have saved about 10.30 Lakh units of electricity. This has resulted in reduction of GHG emissions equivalent to 844 Tons of Co_2. The plants are also exploring possibilities for using solar energy on a large scale in Forging & Gears Pune locations. Heat recovery projects are in progress at Magnetic products division. Forgings division participated in the annual contests organized by state level energy development agency. Fuel change over from Diesel to LPG project is in progress at Composite Pimpri plant.

   During the year, your Company used 3.9% of its total energy consumption as renewable energy, mainly wind and solar.

3) **Waste Management:** Waste reduction efforts have been continued across all the plants. Commendable efforts have been made by Forgings, Foundry and Stampings for waste reduction. One of the projects for hazardous waste reduction at Forging Division has resulted in reduction of about 40% weight. All the plants are now looking at waste management as waste to wealth opportunities .

4) **Green Supply Chain Management:** Almost all the plants have continued their focused efforts in engaging their suppliers for sustainable supply chain development drive through planned interactions, training, audits, reviews and best practice sharing sessions.

5) **EOHS Legal compliances:** All the plants have robust systems for ongoing EHS legal compliance monitoring, evaluation and corrective actions. The fire NOC, fire hydrant systems development projects have been undertaken at Composites and Foundry divisions.

6) **GRI reporting on Sustainability:** The Company is amongst the top 500 listed companies on Stock Exchanges in India, Business responsibility reporting has become applicable from the annual report of calendar year 2016 onwards.

Corporate Social Responsibility (CSR)

Your Company has constituted a CSR Committee in accordance with section 135 of the Companies Act, 2013; it has developed and implemented the policy on Corporate Social Responsibility. The CSR Committee comprises of Mr. Daljit Mirchandani (Chairman), Mr. Dhananjay Mungale and Mr. Hemant Luthra. The Committee, inter alia, monitors the CSR activities. The CSR thrust areas have been identified where the Company wish to create equity and also laid down guiding criteria for selecting projects which includes sustainability, social impact etc.

The Company was required to spend an amount of ₹ 16.20 Million (including ₹ 6.36 Million unspent amount of last year carried forward). The Company could spend an amount of ₹ 3.37 Million during the year. The Company is committed to discharging its social obligation. The CSR thrust areas have been identified where the Company wishes to create equity and also lay down guiding criteria for selecting projects which includes sustainability, Social Impact etc.

During the year your Company has undertaken the following CSR Projects:

a) Pathway to excellence – BM Pawar High School, Biradwadi, Chakan

b) Enhancing Employability Quotient (EmQ) of Babasaheb Ambedkar Technological University (BATU) students in Mangaon.

c) Open Girls' Clubs under "Nanhi Kali++ Centers"

All the above projects are implemented through Naandi Foundation and will require a long term engagement from Company's side. The Budgeted Expenditure of these projects was ₹ 12.66 Million for the last financial year and aggregate budget of ₹ 27.15 Million over three years. It was first year of implementation of all these three new projects and given the challenges faced during the implementation the Company could only spent ₹ 1.85 Million. The implementation of the project had already started during the financial year ended 31st December 2016 and additional amount of ₹ 2.22 Million in respect of Open Girls' Clubs under "Nanhi Kali++ Centers" project was spend till the date of this report. The implementation of these approved projects is on track and the Company is confident of achieving its social objective by implementing the projects as planned.

Further, your Company encourages its employees to participate in the Employee Social Options Program (ESOPs), to drive positive change in society, through Health check up camps, tree plantation, vocational guidance to school children in the nearby schools etc. During the year under review, the employees of your Company participated in various education and health related programs in local communities. The total amount spent on these activities during the year was ₹ 1.51 Million.

Various other projects are also in the pipeline like a project under Swachcha Bharat Abhiyan for building community toilet blocks, a projects for Road Safety improvement, a projects for skill development and enhancing the employability of students and few project in the area of Health Care. etc. and the Company is reviewing these projects with the help of experts in relevant fields.

We reiterate that while we are taking some time to define and articulate our internally generated CSR Projects better, seeking help from external experts as well and after incorporating the key suggestions of the Committee, we will have a significant number of Projects that will need a prolonged engagement from our side, in order to start seeing results. With this, we have enough opportunities to spend the money carried forward, for the chosen Projects.

The CSR Policy of the Company is hosted on the Company's website at http://www.mahindracie.com/images/pdf/resources/Governance/csr-policy-mcie.pdf and a brief outline of the CSR Policy and the CSR initiatives undertaken by the Company during the year as prescribed under the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed herewith as "***Annexure VII***".

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The information pertaining to energy conservation, technology absorption and foreign exchange earnings and outgo, as required under section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 are provided in ***Annexure VIII*** to this Report.

N. SECRETARIAL

Issue of Shares and change in Promoters shareholding

During the year ended 31st December, 2016, your Company has issued and allotted 54,491,563 equity shares on Preferential Allotment basis at the issue price of ₹ 200/- each in the following manner:

- 31,991,563 equity shares were issued and allotted to shareholders of Bill Forge Private Limited; and
- 22,500,000 equity shares were issued and allotted to Participaciones Internacionales Autometal, Dos S.L ("PIA2") one of the Promoters of the Company.

Further, 2,60,654 equity shares of face value of ₹ 10/- each, were issued and allotted pursuant to exercise of options under the Company's Employee Stock Option Scheme- 2007.

As stated in the explanatory statement to the Notice of Extra-ordinary General Meeting (EGM) of members of the Company held on 13th October, 2016, the object of raising funds by way of issue of aforesaid equity share on preferential basis was to part finance the acquisition of entire share capital of Bill Forge Private Limited. The proceeds of Preferential Issue has been fully utilized and there was no deviation in the utilization of proceeds of preferential issue from the objects as stated in Explanatory Statement to the notice of EGM.

In view of the above, as on 31st December, 2016 PIA2 held 194,267,537 equity shares in the Company representing 51.38% of the paid-up equity capital and Mahindra Vehicle Manufactures Ltd. held 65,271,407 representing 17.26% of the paid-up equity capital and Prudential Management & Services Pvt. Ltd. held 4,784,068 equity shares in the Company representing 1.27% of the paid-up equity capital of the Company.

Pursuant to the above, as on 31st December, 2016 the issued capital of the Company was increased to ₹ 3,780,892,100/- and subscribed and paid-up equity capital increased to ₹ 3,780,882,650/-.

Reclassification of Authorised Share Capital

During the year, pursuant to approval of the shareholders at the Extra-ordinary general meeting held on 13th October, 2016 authorised capital of the Company ₹ 4,869,426,365/- was reclassified into 486,942,621 Equity Shares of ₹ 10 each and 5 (Five) 4% Non Cumulative Redeemable Non Convertible Preference Shares of ₹ 31/- each

Extract of Annual Return

Pursuant to sub-section 3 (a) of section 134 and sub-section (3) of section 92 of the Companies Act, 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as at 31st December, 2016 forms part of this report as ***Annexure IX***.

Other Policies under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

In accordance with the provisions of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has framed Policy for determination of Materiality for disclosure of events or information. The same has been hosted on the website of the Company at the link: http://www.mahindracie.com/images/pdf/resources/Governance/policy-on-criteria-for-determining-materiality-of-events.pdf

Dividend Distribution Policy

During the year under review, pursuant to regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated dividend distribution policy which became effective from 1st January, 2017 stipulating factors to be considered in case of Dividend declaration which forms part of this report as ***Annexure X***.

The same has also been hosted on the website of the Company at the link: http://www.mahindracie.com/images/pdf/resources/Governance/dividend-distribution-policy.pdf

Further the Company has also framed i) Policy for preservation of documents ii) Archival Policy for disclosures hosted on the website beyond period of five years.

O. GENERAL

The Managing Director of the Company did not receive any remuneration or commission from any of the subsidiary of your Company. The Whole-time Director of the Company did not receive any commission from any of its subsidiaries.

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions/events relating to these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of Sweat Equity Shares to employees of the Company under any Scheme save and except ESOS referred to in this Report.
3. Significant or material orders passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operation in future.
4. Voting rights which are not directly exercised by the employees in respect of shares for the subscription/purchase of which loan was given by the Company (as there is no scheme pursuant to which such persons can beneficially hold shares as envisaged under section 67(3)(c) of the Companies Act, 2013).

Acknowledgement

Your Directors wish to place on record their sincere appreciation to the Bankers of the Company, Company's customers, vendors and investors for their continued support during the year.

The Directors also wish to place on record their appreciation for the dedication and contribution made by employees at all levels and look forward to their support in future as well.

For and on behalf of the Board

Hemant Luthra
Chairman & Executive Director
DIN: 00231420

Date : 23rd February 2017
Place : Mumbai

Annexure I

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. **Details of contracts or arrangements or transactions not at arm's length basis—**

   There were no contracts or arrangements or transactions entered into during the financial year ended 31st December, 2016, which were not at arm's length basis.

2. **Details of material contracts or arrangement or transactions at arm's length basis—**

The details of material contracts or arrangements or transactions at arm's length basis for the financial year ended 31st December, 2016 are as follows:

Sr. No.	Name(s) of the related party& Nature of relationship	Nature of contracts/ arrangements/ transactions	Value of contracts/ arrangements/ transactions (in ₹ Million)	Duration of contracts/ arrangements/ transactions	Salient terms of contracts/ arrangements/ transactions	Date of approval by the board, if any	Amount paid as advance (in ₹ Million)
1	Mahindra & Mahindra Limited - Holding Company of the Investing Company in respect of which the Company is an Associate	Rent paid	18.0	Jan-Dec 16	The related party transactions (RPTs) entered during the year were in the ordinary course of business and on arm's length basis.	Since these RPTs are in the ordinary course of business and are at arm's length basis, approval of the board is not applicable. However, necessary approvals were granted by the Audit committee from time to time. Moreover, pursuant to provisions of Listing Agreement (now Listing Regulations) the shareholders of the Company by Special Resolution passed through Postal Ballot on 27th March, 2015, accorded their approval for the Material Related Party Transactions, entered into or to be entered into with Mahindra and Mahindra Limited upto ₹ 1200 Crores per annum with effect from 1st April, 2014 and every year thereafter.	Nil
		Payment for Service availed	2.3				
		Reimbursements Made	75.1				
		Sale of Goods	8,114.6				
		Reimbursements Received	0.7				
		Deposits Given	5.7				
		Total	**8,216.4**				

For and on behalf of the Board

Hemant Luthra
Chairman & Executive Director
DIN: 00231420

Date: 23rd February, 2017
Place: Mumbai

Annexure II

SECRETARIAL AUDIT REPORT

For the financial year ended December 31, 2016

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Mahindra CIE Automotive Limited
Mahindra Towers, P. K. Kurne Chowk,
Worli, Mumbai 400 018

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Mahindra CIE Automotive Limited (hereinafter called “the Company”). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on December 31, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on December 31, 2016 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the regulations and bye-laws framed thereunder to the extent of foreign direct investment, overseas direct investment and external commercial borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):-

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

   (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the audit period)

   (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company) and

   (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the Company)

I further report that having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, no law was applicable specifically to the Company.

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by the Institute of Company Secretaries of India;

(ii) Listing Agreements entered into by the Company with BSE Ltd. and the National Stock Exchange of India Ltd. and The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the following event took place having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc. referred to above:

The Company acquired a 100% stake in Bill Forge Private Limited (CIN U51392KA1982PTC005086) and issued on Preferential basis, to the shareholders of Bill Forge Private Limited, 31,991,563 equity shares of ₹ 10 each of the Company at a premium of ₹ 190 per share. The Company also issued on Preferential basis, to one of the Promoters of the Company, viz. Participaciones Internacionales Autometal, Dos S.L., 22,500,000 equity shares of ₹ 10 each of the Company at a premium of ₹ 190 per share.

Place: Pune
Date: 16th February, 2017

Sachin Bhagwat
ACS: 10189
CP: 6029

Annexure III

DETAILS OF REMUNERATION

Details pertaining to remuneration as required under Section 197(12) of the Act and Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

The ratio of the remuneration of each director to the median remuneration of employees of the company for the financial year

Name of Director	Designation	The ratio of the remuneration of each director to the median remuneration of employees
Mr. Hemant Luthra	Chairman & Executive Director	128.7
Mr. K. Ramaswami	Managing Director	56.1
Mr. Pedro Jesus Echegaray Larrea #	Executive Director	60.1
Mr. Ander Arenaza Álvarez ##	Executive Director	0.00
Mr. Antonio Maria Pradera Jauregui *	Director	0.00
Mr. Jesus Maria Herrera Barandiaran *	Director	0.00
Mr. Zhooben Dosabhoy Bhiwandiwala *	Director	0.00
Mr. Shriprakash Shukla *	Director	0.00
Mr. Daljit Mirchandani@	Independent Director	2.2
Mr. Dhananjay Mungale@	Independent Director	1.4
Mr. Manoj Maheshwari@	Independent Director	1.9
Mrs. Neelam Deo@	Independent Director	1.2
Mr. Juan Maria Bilbao Ugarriza@	Independent Director	1.3
Mr. Jose Sabino Velasco Ibanez@	Independent Director	1.5
Mr. Suhail A. Nathani@	Independent Director	0.6

Resigned as a Director (Executive Director) of the Company w.e.f. 12th September, 2016

Appointed as a Whole-time Director with effect from 13th September, 2016

* Non-Executive Non-Independent Directors neither receive any remuneration from the Company nor paid any sitting fees for attending the meetings.

@ Independent Directors were not paid any remuneration except the sitting fees for attending meeting of Board and committees thereof.

<table>
<tr>
<td>The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year</td>
<td>
<table>
<tr><th>Name of Director/KMP</th><th>Designation</th><th>% increase in Remuneration</th></tr>
<tr><td>Mr. Hemant Luthra</td><td>Chairman & Executive Director</td><td>Nil</td></tr>
<tr><td>Mr. K. Ramaswami</td><td>Managing Director</td><td>Nil</td></tr>
<tr><td>Mr. Ander Arenaza Álvarez #</td><td>Executive Director</td><td>N.A.</td></tr>
<tr><td>Mr. Pedro Echegaray @</td><td>Executive Director</td><td>Nil</td></tr>
<tr><td>Mr. Romesh Kaul</td><td>Chief Executive Officer - Stampings and Composites Division</td><td>Nil</td></tr>
<tr><td>Mr. Sanjay Joglekar $</td><td>Chief Financial Officer</td><td>Nil</td></tr>
<tr><td>Mr. K. Jayaprakash ^</td><td>Chief Financial Officer</td><td>N.A.</td></tr>
<tr><td>Mr. Krishnan Shankar</td><td>Company Secretary and Head-Legal</td><td>5.36</td></tr>
</table>
Note:
1. Non-Executive Non-Independent Directors neither receive any remuneration from the Company nor paid any sitting fees for attending the meetings.
2. Independent Directors were not paid any remuneration except the sitting fees for attending meeting of the Board and committees thereof.
@ Resigned as Executive Director w.e.f. 12th September, 2016.
# Appointed w.e.f. 13th September, 2016.
$ Retired w.e.f. 30th September, 2016.
^ Appointed as CFO w.e.f. 24th October, 2016 hence not applicable.
</td>
</tr>
<tr>
<td>The percentage increase in the median remuneration of employees in the financial year</td>
<td>13.02% increase in median employees remuneration (annualized basis)
Note:
For calculating median employee remuneration, employees (excluding Directors) who were in employment for the whole of the Financial Year April-December 2015 and Financial Year ended 31st December, 2016 are only considered.</td>
</tr>
<tr>
<td>The number of permanent employees on the rolls of company as on 31st December, 2016</td>
<td>2608</td>
</tr>
<tr>
<td>Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration</td>
<td>On an average, employees other than the managerial personnel received an annual increase of 8.09%.
Note:
No increase was made in the salaries of any Managerial Personnel’s during the Financial Year under review.</td>
</tr>
<tr>
<td>Affirmation that the remuneration is as per the remuneration policy of the company</td>
<td>The remuneration paid / payable is as per the "Policy on Remuneration of Directors, Key Managerial Personnel and other Employees" of the Company.</td>
</tr>
</table>

For and on behalf of the Board

Hemant Luthra
Chairman & Executive Director
DIN: 00231420

Date: 23rd February, 2017
Place: Mumbai

Annexure IV

STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

(in ₹ Million)

Sl. No.	Name of the employees	Designation	Remuneration received [in ₹ Million] (Excluding perquisite value pursuant to exercise of ESOPs of the Company), if any	Perquisite value of the ESOP of the Company exercised during the year, if any	Qualification	Experience in years	Age in years	Date of commencement of current employment	Last employment held
1	2	3	4	5	6	7	8	9	10
1	Mr. Hemant Luthra	Chairman and Executive Director	43.64	3.35	IIT graduate, alumnus of the Advanced Management Programme, Harvard Business School.	39	67	1-04-2015	Mahindra & Mahindra Ltd.
2	Mr. Pedro Echegaray	Executive Director upto 12th September, 2016 and Corporate Manager w.e.f. 13th September, 2016	20.36	Nil	Mechanical Engineer and MBA	36	59	8-10-2013	Head of Forging and Machining Division of Autometal Brasil
3	Mr. K. Ramaswami	Managing Director	19.02	8.82	BE, MBA	39	62	4-10-2011	Sundram Fasteners Ltd.
4	Mr. Sanjay Joglekar	Chief Financial Officer (upto 30th September, 2016)	16.68	0.06	C.A.	36	61	12-12-2014	Mahindra & Mahindra Limited
5	Mr. Romesh Kaul	Chief Executive – Stampings and Composites Division	13.61	Nil	M. Tech	35	59	12-12-2014	Mahindra & Mahindra Limited
6	Mr. Vikas Chandra Sinha	Sr. Vice President – Strategy	10.06	Nil	MBA, BE	23	44	10-12-2014	Mahindra & Mahindra Limited
7	Mr. K. Jayaprakash	CFO – Forgings, MPD and Foundry Division upto 23rd October, 2016 Chief Financial Officer - w.e.f. 24th October, 2016	6.94	Nil	CWA and CS	33	52	29-03-2007	@ Mahindra Hinoday Industries Limited
8	Mr. Rekhiv Supekar	Senior General Manager - Finance	6.05	Nil	C.A.	29	55	10-12-2014	Mahindra & Mahindra Ltd.
9	Mr. V.G. Rajendran	COO - Foundry Division	5.39	Nil	B.E-Metallurgy , PGDBM	29	47	22-04-2013	@ Mahindra Hinoday Industries Limited
10	Mr. Srinivasan T	General Manager - Finance	5.00	0.06	CWA	33	59	10-12-2014	Mahindra & Mahindra Limited

@ merged with the Company pursuant to integrated scheme of amalgamation sanctioned by the Hon'ble High Court of Judicature at Mumbai by its order dated 31st October, 2014. The Scheme became effective on 10th December, 2014.

Notes:

i) All appointments are / were non-contractual.

ii) None of the above employees is related to any Director of the Company.

iii) The Company has no employee who was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than 2% of the equity shares of the company.

iv) Remuneration included in column 4 above is calculated as per section 17(1) and 17(2) of the Income Tax Act, 1961. This excludes amount of performance pay paid during the period under review since the same relates to previous Financial Year and includes the amount provided in books of accounts towards the performance pay for the period under review.

v) There were no employees who were posted and working in a country outside India and drawing more than sixty lakh rupees per financial year or five lakh rupees per month.

For and on behalf of the Board

Hemant Luthra
Chairman & Executive Director
DIN: 00231420

Date: 23rd February 2017
Place: Mumbai

Annexure V

POLICY ON REMUNERATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Purpose

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Mahindra CIE Automotive Limited.

Policy Statement

We have a defined Compensation policy for employees of each of the business divisions of the Company and for Directors, Key Managerial Personnel including the Chairman. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the industry while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we should also build our Compensation structure by regular benchmarking over the years with relevant players across the industry we operate in.

Non-Executive Including Independent Directors

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and Variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise and submit its recommendations to the Board. The NRC, while making its recommendation, shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and Clause 49 of the Listing Agreement with Stock Exchanges and such other factors as the NRC may consider deem fit. On recommendation of the NRC, the Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

Executive Directors

The remuneration to Executive Chairman, Managing Director and Executive Director(s) shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and Shareholders. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually by the NRC based on their performance.

Key Managerial Personnel (Excluding Managing Director and Executive Directors) (KMPs)

Pursuant to the provisions of section 203 of the Companies Act, 2013 the Board shall approve the remuneration of KMP at the time of their appointment on recommendation of the Nomination and Remuneration Committee. Remuneration of KMPs shall consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board on recommendation of the Nomination and Remuneration Committee. The terms of remuneration of Chief Financial Officer (CFO) shall also be approved by the Audit Committee.

The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities.

The remuneration to Directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

Annual increments and performance pay shall be given to Key Managerial Personnel's (except for Executive Directors) in accordance with policy of the Company and any Executive Director of the Company is authorized to approve the same.

Senior Management Personnel's and other Employees

We should follow a differential approach in choosing the comparator basket for benchmarking, depending upon the level in the organization:

a. For all employees from Operational to Executive Band, we should benchmark with a set of comparators from the same industry.

b. For Strategic band and above, we should have a position-based approach and the comparator basket may include benchmarks From across relevant industries.

We have a CTC (Cost to Company) concept which includes a fixed component (Guaranteed Pay) and a variable component (Performance pay). The percentage of the variable component increases with increasing hierarchy levels, as we believe employees at higher positions have a far greater impact and influence on the overall business result. The CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality
- Longevity in grade

Remuneration for the new employees other than KMPs will be decided by the HR of the respective divisions/plant as the case may be, in consultation with the concerned head of the Division, depending upon the relevant job experience, last compensation and the skill-set of the selected candidate.

Components of CTC*:

1) Basic Pay and/or Additional Basic Pay (Fixed Pay)

a) Contribution to PF

b) Gratuity

2) Allowances

a) House Rent Allowance

b) Conveyance Allowance / Car Allowance

c) Supplementary Allowance (not reckoned for PF)

d) Education Allowance

e) Medical Reimbursement / Allowance

f) Company Leased Vehicle

g) Car Maintenance

h) Drivers Salary

i) Leave Travel Allowance

j) Statutory Bonus

k) Performance Pay (PP)** depend on the Position at which such employee is appointed, the established practices and procedures of each of the divisions and shall be approved by the Chief Executive of respective Divisions

* Allowances/perquisites payable to an employee and the categories of allowances / perquisites allowable, shall depend on the Position at which such employee is appointed (in particular the allowance/perquisites mentioned at B6 to B8), the established practices and procedures of each of the divisions and shall be approved by the Chief Executive of respective Divisions on recommendation of HR Head of respective division/plant, as the case may be.

**The performance pay money amount awarded to an Individual executive is a function of his own performance and the business performance of the Company/Division as per the weightage given in the table below. The amount of performance pay assumed in the CTC shall be at 60% of the maximum entitlement of an employee at 100% performance level. Actual payout will depend on Individuals performance and the years's business performance.

Band	PP % Business Share	PP % Individual Share
Strategic	50%	50%
Executive	40%	60%
Department Head	30%	70%
Managerial and Operational upto (Deputy/Assistant Manager)	20%	80%
Operational	Performance Pay not applicable but ex-gratia is paid	

The Company may also grant Stock Options to the Employees and Directors (other than Independent Directors and Promoter) in accordance with the ESOP Scheme of the Company and subject to the compliance of the applicable statutes and regulations.

For and on behalf of the Board

Hemant Luthra
Chairman & Executive Director
DIN: 00231420

Date: 23rd February 2017
Place: Mumbai

Annexure VI

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT AND SUCCESSION PLANNING FOR ORDERLY SUCCESSION TO THE BOARD AND THE SENIOR MANAGEMENT

DEFINITIONS

The definitions of some of the key terms used in this Policy are given below:

“Board” means Board of Directors of the Company.

“Company” means Mahindra CIE Automotive Limited.

“Committee(s)” means Committees of the Board for the time being in force.

“Employee” means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

“HR” means the Human Resource department of respective divisions/plants the Company, as the context may require.

“Key Managerial Personnel” (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

(i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole-time Director (WTD);

(ii) Chief Financial Officer (CFO); and

(iii) Company Secretary (CS).

“Nomination and Remuneration Committee” (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

“Senior Management” means personnel of the Company who are members of its Core Management Team excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

I. APPOINTMENT OF DIRECTORS

- Subject to the provisions of Companies Act, 2013, Clause 49 of the Listing Agreement and Articles of Association of the Company, the NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of director:
    1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
    2. Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making.
    3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in sprit by the Independent Directors.
- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member after obtaining his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act, 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non-adherence to the applicable policies of the company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

SENIOR MANAGEMENT PERSONNEL

NRC has laid down the criteria for identification of persons who may be appointed in the Senior Management which includes the qualification, skills and experience of the candidate for the responsibility the position shall carry.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Chairman and/or Managing Director or Executive Director based on the business need and the suitability of the candidate in accordance with the criteria laid down. The details of the appointment made and the personnel removed shall be presented to the NRC.

II. SUCCESSION PLANNING

Purpose

The Talent Management Policy sets out the approach to the development and management of talent in the Company to ensure the implementation of the strategic business plans of the Company.

Board

The successors for the Independent Directors shall be identified by NRC through the sources as the NRC may deem fit. In case of separation of Independent Directors due to resignation or otherwise, successor will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later, unless the Board decides not to fill-up the vacancy.

The successors for the Executive Director(s) shall be identified by the NRC from among the Senior Management or through external source as the Board may deem fit.

The NRC will review the proposed appointments giving due consideration for the expertise and other criteria required for the successor and submit its recommendations to the Board.

Senior Management Personnel

A good succession-planning program aims to identify high growth individuals, train them and feed the pipelines with new talent. It will ensure replacements for key job incumbents in KMPs and senior management positions in the organization.

The Company should identify Hi-pots and critical positions. Successors should be mapped for these positions at the following levels :

1. Emergency successor
2. Ready now
3. Ready in 1 to 2 years
4. Ready in 2 to 5 years

in order to ensure talent readiness as per a laddered approach.

Policy Statement

The Talent Management framework of MCIE should address three basic issues :

1) Given the strategic business plans, do we have the skills and competencies required to implement them? If not, how do we create them – by developing them internally or through lateral induction from outside?
2) For critical positions, what is the succession pipeline?
3) What are the individual development plans for individuals both in the succession pipeline as well as others?

The framework should lay down an architecture and processes to address these questions using the **3E** approach :

a) **Experience** i.e. both long and short-term assignments. This has 70% weightage
b) **Exposure** i.e. coaching and mentoring – 20% weightage
c) **Education** i.e. learning and development initiatives – 10% weightage

The Talent Management process is applicable to all employees.

For and on behalf of the Board

Hemant Luthra
Chairman & Executive Director
DIN: 00231420

Date: 23rd February, 2017
Place: Mumbai

Annexure VII

ANNUAL REPORT ON CSR ACTIVITIES

<table>
<tr><td>1)</td><td>Brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs</td><td>Corporate Social Responsibility (CSR) has been an integral part of the way Mahindra CIE Automotive Limited, (MCIE or the Company) has been doing business since inception. MCIE is committed to its social responsibilities and takes initiatives to serve the society as a good corporate citizen.

The objective of the CSR policy is to -

• Promote a unified and strategic approach to CSR across the Company by incorporating under one umbrella the diverse range of activities, select constituencies and causes to work for, thereby ensuring a high social impact.

• Ensure an increased commitment at all levels in the organisation, by encouraging employees to participate in the Company's CSR and give back to society in an organised manner through the employee volunteering programme called ESOPs.

The Company will focus its CSR activities on the surrounding villages in and around Company offices and factories in the domains of Rural Development, Conservation of Natural Resources, education, skill development, health and environment. The Company may also make contributions to Nanhi Kali and any other similar projects of Mahindra group, funds set up by the Government which qualifies the criteria as per CSR Rules and the relevant provisions of the Companies Act, 2013.

During the year, the Company has undertaken the following CSR Projects:

i. Enhancing Employability Quotient (EmQ) of Babasaheb Ambedkar Technological University (BATU) students in Mangaon

ii. Pathway to excellence – BM Pawar High School, Biradwadi, Chakan and

iii. Open Girls' Clubs under "Nanhi Kali++ Centers"

Further, the Company also undertaken various CSR activities as a part of Employees Social options plan and other CSR projects as under:

i) Cleaning initiatives under Swacha Bharat Abhiyan

ii) Health Checkup and Blood Donation Camps

iii) Donation to Old Age Home

iv) Improvements of school infrastructure

v) Value Education Class

vi) Tree plantation at different places

Apart from above the Company is also considering various other projects are also in the pipeline like Swachcha Bharat Abhiyan for Building community Toilet Blocks, Projects for Skill development and enhancing the Employability of Students and Projects in the area of Health Care, etc. and the Company is reviewing these projects with the help of experts in relevant fields.

The CSR policy has been uploaded on the Company's website at http://www.mahindracie.com/images/pdf/resources/Governance/csr-policy-mcie.pdf</td></tr>
<tr><td>2)</td><td>The Composition of the CSR Committee</td><td>
<table>
<tr><th>Sr. No.</th><th>Name of the Director</th><th>Category</th><th>Designation</th></tr>
<tr><td>1</td><td>Mr. Daljit Mirchandani</td><td>Independent Director</td><td>Chairman</td></tr>
<tr><td>2</td><td>Mr. Dhananjay Mungale</td><td>Independent Director</td><td>Member</td></tr>
<tr><td>3</td><td>Mr. Hemant Luthra</td><td>Chairman and Executive Director</td><td>Member</td></tr>
</table>
</td></tr>
<tr><td>3)</td><td>Average net profit of the Company for last three financial years</td><td>₹ 492.06 Million</td></tr>
</table>

4)	Prescribed CSR Expenditure (two percent of the amount as in item 3 above)	**Particulars**	**Amount (₹ In Million)**
		Two percent of the amount as in item 3 above	9.84
		Amount unspent last year	6.36
		Total CSR expenditure required	16.20
5)	Details of CSR spent during the financial year	As under:	
	• Total amount spent during the financial year	₹ 3.37 Million	
	• Amount unspent, if any	₹ 12.83 Million	
	• Manner in which the amount spent during the financial year is detailed below	CSR Activities as stated below	

(₹ In Million)

Sr. No.	CSR Project or Activity Identified	Sector in which the Project is proposed	Projects or programs 1) Local areas or other 2) Specify the State and district where projects or programs was undertaken	Amount Outlay (budget) project / program wise	Amount spent on the project or programs Sub-heads: during Financial Year 1st January 2016 to 31st December, 2016 (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount Spent : Direct or through implementing agency
1.	Enhancing Employability Quotient (EmQ) of Babasaheb Ambedkar Technological University (BATU) students in Mangaon	Education and Skill Development	Local - Lonere, District Raigad, State: Maharashtra	3.29	1.85	1.85	Naandi Foundation
2.	Open Seven Girls' Clubs under "Nanhi Kali++ Centers"	Education and Skill Development	Local - 1) Mumbai 2) Birwadi, Chakan State: Maharashtra	17.94	*-	-	Naandi Foundation
3.	Pathway to excellence – BM Pawar High School, Biradwadi, Chakan	Education and Skill Development	Local - 1) Birwadi, Chakan State: Maharashtra	3.29	-	-	Naandi Foundation
4.	Garden on Gram Panchayat Land for village community	Rural Development Projects	Local – at Village Ambethan Near Forgings Plant, Chakan District: Pune State: Maharashtra	2.34	0.13	2.34	Direct through contractor
5.	Village Lake Cleaning and Beautification	Rural Development Projects	Local – at Village Ambethan Near Forgings Plant, Chakan District: Pune State: Maharashtra	0.87	0.38	0.87	Direct through contractor
6.	Tar Road Project	Rural Development Projects	Local – at Village Urse Near Foundry Plant, Urse Tal:- Maval District: Pune, State: Maharashtra	2.29	-	2.29	Direct through contractor

Sr. No.	CSR Project or Activity Identified	Sector in which the Project is proposed	Projects or programs 1) Local areas or other 2) Specify the State and district where projects or programs was undertaken	Amount Outlay (budget) project / program wise	Amount spent on the project or programs Sub-heads: during Financial Year 1st January 2016 to 31st December, 2016 (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount Spent : Direct or through implementing agency
7.	Health Checkup, provision of medical aids to handicapped and blood donation camps, Dental & General Health check up camps	Promotion of Health Care	Local - at 1) Lalpur, Dist.-Udaham Singh Nagar, State-Uttrakhand 2) Local area-Kichha, Dist.-Udaham Singh Nagar, State-Uttrakhand 3) Dist.-Nasik, State-Maharashtra 4) Kanhe village, Pune, Maharashtra 5) Telangana, Medak, Zaheerabad	0.38	0.13	0.38	Direct
8.	Value Education Class, Infrastructure Improvements at School/ Hostels like Repairing of Computers, Stationeries, Provision of water filter, girls toilets provision of Books, Furniture, School Bags, Distribution of sports items, Water Cooler etc.	Education	Local – at 1) Lalpur, Dist.-Udaham Singh Nagar State-Uttrakhand 2) Local area-Kichha, Dist.-Udaham Singh Nagar, State-Uttrakhand 3) Dist.-Nasik, State-Maharashtra 4) Kanhe village, Pune, Maharashtra 5) Telangana, Medak, Zaheerabad 6) Urse Village,Taluka Maval, District Pune	1.29	0.42	1.29	Direct
9.	Tree Plantation	Environment	Local – at 1) Urse Village,Taluka Maval, District Pune 2) Lalpur, Dist.-Udaham Singh Nagar, State-Uttrakhand 3) Local area-Kichha, Dist.-Udaham Singh Nagar, State-Uttrakhand 4) Dist.-Nasik, State-Maharashtra 5) Kanhe village, Pune, Maharashtra	0.52	0.11	0.52	Direct
10.	Construction of crematorium	Rural Development Projects	Local – at 1) Kanhe village, Pune District & Maharashtra State	0.71	-	0.71	Direct through a contractor

Sr. No.	CSR Project or Activity Identified	Sector in which the Project is proposed	Projects or programs 1) Local areas or other 2) Specify the State and district where projects or programs was undertaken	Amount Outlay (budget) project / program wise	Amount spent on the project or programs Sub-heads: during Financial Year 1st January 2016 to 31st December, 2016 (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount Spent : Direct or through implementing agency
11.	Infrastructure Development at old age homes/day care, Donation of white sticks to blind people, Donation of Stitching machines to make the Ladies Self employed, Donation of blankets to adivasi hostel	Community development	Local – at 1) Vadgaon, Taluka Maval, District Pune 2) Rudrapur, Dist.- Udaham Singh Nagar, State-Uttrakhand 3) Kanhe village, Pune, Maharashtra	0.27	0.16	0.27	Constructed by agency
12.	Employees Social Option Plans (Water conservation and arrangement of safe drinking water, Environment protection awareness, AIDS Awareness, Sex Education, Yoga Sessions, No Tobacco Awareness and Blood Donation Camp, and Career Guidance, Value Education)	Promotion of Education, improving school infrastructures, promoting preventive health care and sanitation, ensuring environmental sustainability.	Local at 1) Village-Keshavnagar, Vadgaon, Dist.- Pune, State-Maharashtra 2) Lalpur, Dist.-Udaham Singh Nagar, State-Uttrakhand 3) Village-Kanhe, Talegaon Dabhade, Naigaon, 4) Malegaon Borade, Dist.-Pune, State-Maharashtra 5) Village-Trambakeshwar, Sayyad Pimpri, Dist.-Nasik, State-Maharashtra 6) Local area-Kichha, Dist.-Udaham Singh Nagar, State-Uttrakhand 7) Local area-Village-Sajjana, Rameshwarpur, Narayanpur, Rudrapur, Dist.-Udaham Singh Nagar, State-Uttrakhand 8) Local area-Kichha, Dist.-Udaham Singh Nagar, State-Uttrakhand	0.50	0.19	0.46	Direct
	Total			**33.69**	**3.37**	**10.98**	

* The implementation of the project had already started during the financial year ended 31st December 2016 and the partial budgeted amount of ₹ 2.22 Million in respect of Open Girls' Clubs under "Nanhi Kali++ Centers" project was transferred to Naandi Foundation after the Closure of Financial year hence not considered in this report.

6) Reasons for not spending full amount

The Company was required to spend an amount of ₹ 16.20 Million (including ₹ 6.36 Million unspent amount of last year carried forward). The Company could spend an amount of ₹ 3.37 Million during the year. The Company is committed to discharging its social obligation. The CSR thrust areas have been identified where the Company wishes to create equity and also lay down guiding criteria for selecting projects which includes sustainability, social impact etc.

During the year the Company had undertaken three new CSR projects in the areas of Education and Skill Development. The Budgeted Expenditure of these projects was ₹ 12.66 Million for the last financial year and aggregate budget of ₹ 27.15 Million over three years. It was first year of implementation of all these three new projects and given the challenges faced during the implementation the Company could only spent ₹ 3.37 Million. The implementation of the project had already started during the financial year ended 31st December, 2016 and additional amount of ₹ 2.22 Million in respect of Open Girls' Clubs under "Nanhi Kali++ Centers" project was spend till the date of this report. The implementation of these approved projects is on track and the Company is confident of achieving its social objective by implementing the projects as planned.

Various other projects are also under consideration. These are project under Swachcha Bharat Abhiyan for building community toilet blocks, a projects for Road Safety improvement, a projects for skill development and enhancing the employability of students and Health Care. etc. and the Company is reviewing these projects with the help of experts in relevant fields.

We reiterate that while we are taking some time to define and articulate our internally generated CSR Projects better, seeking help from external experts as well and after incorporating the key suggestions of the Committee, we will have a significant number of Projects that will need a prolonged engagement from our side, in order to start seeing results. With this, we have enough opportunities to spend the money carried forward, for the chosen Projects.

The CSR Committee hereby confirms that, the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

K. Ramaswami	**Daljit Mirchandani**	**Romesh Kaul**
Managing Director	Chairman - CSR Committee	Chief Executive – Stampings and Composites Division

Date: 23rd February, 2017
Place: Mumbai

Annexure VIII

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO SEC 134(3) (M) OF RULE 8(3) OF COMPANIES (ACCOUNTS) RULES, 2014 IS FORMING PART OF THE BOARD´S REPORT FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 2016

A) Conservation of Energy

Your Company has considered Sustainability as one of the strategic priorities and energy conservation is one of the strong pillars for preserving natural resources and improving bottom line. Your Company is continuously striving towards improving the energy performance in all areas. Energy policy is formulated and deployed at different locations for Sustainable Development. Energy Management process has been established and awareness campaigns have been conducted. Your Company ensures strict compliance with all the statutory requirements and has taken several sustainable steps voluntarily to contribute towards better environment. Few steps are listed below:

- Conservation of natural resources like electricity, oil and fuel.
- Use of renewable energy in Manufacturing.
- Use of natural lighting and natural ventilation.
- Encouraging green building initiatives.
- Rain water harvesting and water conservation.
- Reduce, reuse, recycle of waste and eco-friendly waste disposal.

i) The steps taken or impact on conservation of energy

- Optimized idle time losses by changing logic in machines to reduce LDO (Light Diesel Oil) and LPG consumption, for high runner dies cycle time reduced to save power consumed per ton, Reduced cycle time of Component to reduce Power Consumption/ ton.
- Replaced Conventional lighting with LED lamps and Energy efficient Water pumps.
- Variable Frequency Drive (VFD) motors fitted for conveyors in the press shop, Induction heaters for Hydraulic power pack.
- Installed Small Press Motor, Small Cooling Tower and Small compressor to reduce Energy Consumption.
- Installed Human Detection Sensor for Toilet tube light, tube light Conventional ballast replace with electronic Ballast.
- Transparent Sheets installed for using Day light in Shop floor.
- Replace press main motor with Energy Efficient motor.
- Provision of auto shutoff valves on presses & assembly shops to switch off the compressed air input when machines are not working.
- Modification in the control circuits of the presses to switch off the power input to the machine when not working.
- Making the controls for man cooler fans easily accessible to switch off when not required.
- Provision of thyristor made for heating in sintering furnace to provide facility of stopping the furnace in case of less loading.
- Atmosphere Profile carried out for enhancement to increase the loading of the furnace.
- Compressed Air installed for attending air leakages, Provision of pressure regulator made to reduce the pressure.

ii) The steps taken by the company for utilizing alternate sources of energy

- Started using Power from Windmill from June 2016 in some areas, Solar Power utilizations for production initialized and to be implemented in 2017, at Forging Division.
- Proposal for roof top solar plant under consideration, at Stampings division.
- Technical feasibility study done for use of LPG instead of Diesel in thermopack to heat the oil, at Composites Division.
- Process of replacing HSD with Biogas generated from city waste at Foundry Division.

iii) The capital investment on energy conservation equipments

Your Company has focused on investing in modern technology for improving the specific energy consumption. For the year under review aggregate capital investment on energy conservation equipment from Forging Division, Stamping Division, Foundry Division and Magnetic Division is ₹ 15.5 Million.

B) Technology absorption

Your Company is committed towards technology driven innovation and lays strong emphasis on inculcating an innovation driven culture within the organisation.

During the year under review, your Company continued to work on technology upgradation and capability development in the critical areas of product quality and process improvements. At Forgings Division the company in 2016 has imported technologies like a) Hydraulic water jet descaler from Germany and installation of the same is in process which will ensure product quality improvement and the same will be in operation in April 2017. b) CBN Landis Grinding machines from U.K. has ensured product quality improvements in cranckshafts which is now fully absorbed. In addition to the above, for process improvements Hasenclever press Automation is being implemented in consultation with CIE Automotive S.A., Parent company.

At Composites Division during FY 2014-15, the Company has signed Technical Licence agreement with Polmix an Italian company for import of DMC formulation Technology for product improvement. The same is now fully absorbed.

The Company has not incurred any expenditure on Research and Development.

C) Foreign Exchange Earnings and Outgo

FOB value of exports is ₹ 1,069.62 Million and CIF value imports & other expenditures made is ₹ 606.72 Million.

For and on behalf of the Board

Hemant Luthra
Chairman
DIN: 00231420

Date: 23rd February 2017
Place: Mumbai

Annexure IX

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.12.2016

Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

1.	CIN	L27100MH1999PLC121285
2.	Registration Date	13/08/1999
3.	Name of the Company	Mahindra CIE Automotive Limited
4.	Category/Sub-category of the Company	Public Company Limited by shares / Non-Government Company
5.	Address of the Registered office & contact details	Mahindra CIE Automotive Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400018 Tel: +91 22 24901441 Fax: +91 22 24915890 www.mahindracie.com mcie.investors@mahindracie.com
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Karvy Computershare Private Limited, Karvy Selenium, Tower B, Plot Number 31 & 32, Financial District, Gachibowli, Hyderabad 500 008, India. Phone No.: +91 040 6716 2222 email: einward.ris@karvy.com Website: www.karvycomputershare.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10% or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main Products / Services	NIC Code of the Product/Service	% to total turnover of the company
1	Forgings	25910 & 25920	24
2	Casting	25910	24
3	Stampings	25910	38

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name & address of the Company	CIL/GLN	Holding/ Subsidiary/ Associate	% of Shares Held *	Applicable Section
1.	! CIE Automotive S.A. Calle Alameda Mazarredo 69, 8º piso, Bilbao	N.A.	Ultimate Holding	51.38%	Section 2(46)
2.	!! CIE BERRIZ, S.L. Poligono Ind Okango S/N Berriz, 48240 Spain	N.A.	Holding Company	51.38%	Section 2(46)
3.	Participaciones Internacionales Autometal, Dos S.L (PIA 2) Alameda Mazarredo N0 69, 80, 48009, Bilbao (Spain)	N.A.	Holding Company	51.38%	Section 2(46)

Sr. No.	Name & address of the Company	CIL/GLN	Holding/ Subsidiary/ Associate	% of Shares Held *	Applicable Section
4.	Mahindra Gears & Transmissions Private Limited Mahindra Towers, P.K. Kurne Chowk, Worli, Mumbai – 400018	U29130MH2004PTC168150	Subsidiary	100%	Section 2(87)(ii)
5.	Mahindra Forgings International Limited, IFS Court, Twenty Eight, Cybercity, Ebene, Republic of Mauritius	N.A.	Subsidiary	100%	Section 2(87)(ii)
6.	Mahindra Forgings Global Limited, IFS Court, Twenty Eight, Cybercity, Ebene, Republic of Mauritius	N.A.	Subsidiary	100%	Section 2(87)(ii)
7.	Stokes Group Limited, Cochrane Road, Holly Hall, Dudley, West Midlands DY2 0SE	N.A.	Subsidiary	100%	Section 2(87)(ii)
8.	Mahindra Gears Global Limited, IFS Court, Twenty Eight, Cybercity, Ebene, Republic of Mauritius	N.A.	Subsidiary	100%	Section 2(87)(ii)
9.	# Mahindra Forgings Europe AG Ulmer Street 112, 73431 Aalen, Germany	N.A.	Subsidiary	100%	Explanation (a) to Section 2(87)
10.	## Jeco Jellinghaus Gmbh Jeco - Jellinghaus Gmbh Feldstrae,30,De 58285 Gevelsberg-Germany	N.A.	Subsidiary	100%	Explanation (a) to Section 2(87)
11.	$ Metalcastello S.p.A. Via Don Fornasini, 12 40030 CASTEL DI CASIO (Bologna)	N.A.	Subsidiary	99.96%	Explanation (a) to Section 2(87)
12.	Stokes Forgings Ltd. Cochrane Road, Holly Hall, Dudley, West Midlands DY2 0SE	N.A.	Subsidiary	100%	Explanation (a) to Section 2(87)
13.	Stokes Forgings Dudley Ltd. Cochrane Road, Holly Hall, Dudley, West Midlands DY2 0SE	N.A.	Subsidiary	100%	Explanation (a) to Section 2(87)
14.	## Gesenkschmiede Schneider, Ulmer StraBe 112 73431 Alen Germany	N.A.	Subsidiary	100%	Explanation (a) to Section 2(87)
15.	## Falkenroth Umformtechnik GmbH, Asenbach 1, 58579 Schalksmuhle Gemany	N.A.	Subsidiary	100%	Explanation (a) to Section 2(87)
16.	## Schoneweiss & Co. GmbH, Delsterner Strasse 170, DE 58091 Hagen Germany	N.A.	Subsidiary	100%	Explanation (a) to Section 2(87)
17.	$$ Crest Geartech Private Limited, 12/ 7, Mathura Road, Faridabad, Haryana – 121003	U74899HR1994PTC060305	Subsidiary	99.96%	Explanation (a) to Section 2(87)

Sr. No.	Name & address of the Company	CIL/GLN	Holding/ Subsidiary/ Associate	% of Shares Held *	Applicable Section
18.	^ CIE Legazpi S.A., C/ Urola, 10, 20230 Legazpi, (Guipúzkoa). España	N.A.	Subsidiary	100%	Explanation (a) to Section 2(87)
19.	^ UAB CIE LT Forge Stoties G 12, 4520 Marijampolé. Lituania	N.A.	Subsidiary	100%	Explanation (a) to Section 2(87)
20.	CIE Galfor S. A. P.I. San Cibrao das Viñas, Calle 2, 3 32901 Orense. España	N.A.	Subsidiary	100%	Section 2(87)(ii)
21.	Bill Forge Private Limited No.9C, Bommasandra Industrial Area, Bangalore	U51392KA1982PTC005086	Subsidiary	100%	Section 2(87)(ii)
22.	≠ BF Precisions Private Limited No.1/178 Pollachi Main Road, Ganesh Nagar, Malumachampatti, Coimbatore, Tamilnadu - 641021	U29253TZ2016PTC022193	Subsidiary	100%	Explanation (a) to Section 2(87)
23.	≠ Bill Forge Global DMCC Unit No 3803 Jumeirah Bay Tower X3 Plot No. JLT - PH2-X3A Jumeirah lakes Towers Dubai, UAE	N.A.	Subsidiary	100%	Explanation (a) to Section 2(87)
24.	≠ Bill Forge de Mexico S de RL de CV No 100, Parque Industrialy De Negocious Las Colinas Silao, Guanajuato, Cp 36270 Mexico.	N.A.	Subsidiary	100%	Explanation (a) to Section 2(87)

* Percentage holding in subsidiaries represents aggregate percentage of shares held by the Company and/or its subsidiaries.

\+ CIE Automotive S.A. is the ultimate holding company which holds shares of the Company through its wholly owned step down subsidiaries.

++ A subsidiary of CIE Automotive S.A.

+++ A subsidiary of CIE BERRIZ, S.L

\# A subsidiary of Mahindra Forgings International Limited

\## A subsidiary of Mahindra Forgings Europe AG

$ A subsidiary of Mahindra Gears Global Limited

$$ A subsidiary of Metalcastello Italy

Ω A subsidiary of Stokes Group Limited

^ A subsidiary of CIE Galfor S.A.

≠ A subsidiary of Bill Forge Private Limited

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Shareholding

Category Code	Category of Shareholders	No. of shares held at the beginning of the year 1st January, 2016				No. of shares held at the end of the year 31st December, 2016				% Change during The year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	
(A)	**Promoter And Promoter Group**									
(1)	**Indian**									
(a)	Individual/HUF	-	-	-	-	-	-	-	-	
(b)	Central Government/State Government(S)	-	-	-	-	-	-	-	-	
(c)	Bodies Corporate	65,271,407	-	65,271,407	20.19	65,271,407	-	65,271,407	17.26	(2.92)
(d)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	
(e)	Others-Promoter Group Company	4,784,068	-	4,784,068	1.48	4,784,068	-	4,784,068	1.27	(0.21)
	Sub-Total A(1) :	**70,055,475**	**-**	**70,055,475**	**21.67**	**70,055,475**	**-**	**70,055,475**	**18.53**	**(3.14)**
(2)	**Foreign**									
(a)	Individuals (NRI's/Foreign Individuals)	-	-	-	-	-	-	-	-	-
(b)	Bodies Corporate	171,767,537	-	171,767,537	53.12	194,267,537	-	194,267,537	51.38	(1.74)
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total A(2) :	**171,767,537**	**-**	**171,767,537**	**53.12**	**194,267,537**	**-**	**194,267,537**	**51.38**	**(1.74)**
	Total A=A(1)+A(2)	**241,823,012**	**-**	**241,823,012**	**74.79**	**264,323,012**	**-**	**264,323,012**	**69.91**	**(4.88)**
(B)	**Public Shareholding**									
(1)	**Institutions**									
(a)	Mutual Funds /UTI	18,287,147	28,236	18,315,383	5.66	20,079,063	28,236	20,107,299	5.32	(0.35)
(b)	Financial Institutions/Banks	4,845,360	3,169	477,318	0.15	327,250	1,465	328,715	0.09	(0.06)
(c)	Central Government/State Government(S)	-	-	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e)	Insurance Companies	4,369,507	1,704	4,371,211	1.35	4,369,507	1,704	4,371,211	1.16	(0.20)
(f)	Foreign Portfolio Investors	17,412,633	15,903	17,428,536	5.39	19,255,273	15,903	19,271,176	5.10	(0.29)
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(h)	Others-Alternate Investment Fund	-	-	-	-	597,061	-	597,061	0.16	0.16
	Sub-Total B(1) :	**44,914,647**	**49,012**	**40,592,448**	**12.55**	**44,628,154**	**47,308**	**44,675,462**	**11.82**	**(0.74)**
(2)	**Non-Institutions**									
(a)	Bodies Corporate									
	Indian	7,437,823	88,218	7,526,041	2.33	4,291,147	87,437	4,378,584	1.16	(1.17)
	Overseas	-	2,840	2,840	-	-	2,840	2,840	-	-

Category Code	Category of Shareholders	No. of shares held at the beginning of the year 1st January, 2016				No. of shares held at the end of the year 31st December, 2016				% Change during The year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	
(b)	Individuals									-
	(I) Individuals Holding Nominal Share Capital upto ₹1 Lakh	14,033,069	1,959,117	15,992,186	4.95	14,615,674	1,882,625	16,498,299	4.36	(0.58)
	(Ii) Individuals Holding Nominal Share Capital In Excess of ₹1 Lakh	15,725,765	150,840	15,876,605	4.91	46,326,460	119,590	46,446,050	12.28	7.37
(c)	Others									-
	Clearing Members	184,104	-	184,104	0.06	28,423	-	28,423	0.01	(0.05)
	Foreign Nationals	266,611	-	266,611	0.08	291,611	-	291,611	0.08	(0.01)
	NBFC	39,666	-	39,666	0.01	18,039	-	18,039	0.00	(0.01)
	Non Resident Indians	983,117	188	983,305	0.30	972,544	188	972,732	0.26	(0.05)
	NRI Non-Repatriation	-	38,901	38,901	0.01	399,462	38,701	438,163	0.12	0.10
	NRI Repatriation	-	8,674	8,674	-	-	8,674	8,674	-	-
	Trusts	1,655	-	1,655	-	6,376	-	6,376	-	-
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
	Sub-Total B(2) :	**38,671,810**	**2,248,778**	**40,920,588**	**12.65**	**66,949,736**	**2,140,055**	**69,089,791**	**18.27**	**5.62**
	Total B=B(1)+B(2) :	**79,216,950**	**2,296,086**	**81,513,036**	**25.21**	**111,577,890**	**2,187,363**	**113,765,253**	**30.09**	**4.88**
	Total (A+B) :	**321,039,962**	**2,296,086**	**323,336,048**	**100**	**375,900,902**	**2,187,363**	**378,088,265**	**100.00**	**0.00**
(C)	Shares held by Custodians, against which depository receipts have been issued	-	-	-	-	-	-	-	-	-
(1)	Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
(2)	Public	-	-	-	-	-	-	-	-	-
	Grand Total (A+B+C) :	**325,409,469**	**2,297,790**	**323,336,048**	**100.00**	**375,900,902**	**2,187,363**	**378,088,265**	**100.00**	**-**

B) Shareholding of Promoters**

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Participaciones Internacionales Autometal, Dos S.L	171,767,537	53.12	-	194,267,537	51.38	-	*(1.74)
2	Mahindra Vehicle Manufacturers Limited	65,271,407	20.19	-	65,271,407	17.26	-	*(2.92)
	Total	**237,038,944**	**73.31**	**-**	**259,538,944**	**68.64**	**-**	***(4.66)**

* During the year ended 31st December, 2016, the Company has issued and allotted 22,500,000 equity shares to Participaciones Internacionales Autometal, Dos S.L on Preferential Allotment basis on 19th October, 2016. Further, 31,991,563 equity shares were allotted to shareholders in public category on preferential allotment basis and 260,654 equity shares pursuant to ESOP Scheme thereby increasing the total paid-up share capital of the Company. The decrease in percentage holding is due to increase in total paid-up share capital of the Company during the year on account of said preferential allotment and issue of equity shares pursuant to ESOP Scheme.

** Excludes shares held by Prudential Management and Services Private Limited, a Promoter Group Company as per Listing Regulations, however it is not the Promoter of the Company within the meaning of Companies Act, 2013.

C) Change in Promoters' Shareholding (please specify, if there is no change)

Name of the Promoter	Shareholding at the beginning of the year 1st January, 2016		Date wise Increase /Decrease in Promoters shareholding during the year specifying the reasons for increase / decrease				Cumulative Shareholding during the year		At the end of the year 31st December, 2016	
	No. of Shares	% of total shares of the company	Increase / Decrease	Reasons for change	No. of shares increasing/ decreased	Date of change in shareholding D/M/Y	No. of shares	% of total shares of the company	No. of Shares	% of Shares held
Participaciones Internacionales Autometal, Dos S.L	171,767,537	53.18	Increase	Preferential Allotment	22,500,000	19th October, 2016	194,267,537	51.38	194,267,537	51.38*

* During the year ended 31st December, 2016, the Company has issued and allotted 22,500,000 equity shares to Participaciones Internacionales Autometal, Dos S.L on Preferential Allotment basis made on 19th October, 2016. Further during the year 31,991,563 equity shares were allotted to shareholders in public category on preferential allotment basis and 260,654 equity shares pursuant to ESOP Scheme thereby increasing the total paid-up share capital of the Company. The decrease in percentage holding is due to increase in total paid-up share capital of the Company during the year on account of said preferential allotment and issue of equity shares pursuant to ESOP Scheme.

D) Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

For each of the Top 10 Shareholders		Shareholding at the beginning of the year		Datewise Increase / Decrease in shareholding during the year specifying the reasons for increase / decrease			Cumulative Shareholding during the year	
Sr. No.	Name of the Shareholder	No. of Shares	% of total shares of the company	Reasons for change	Date of change in shareholding D/M/Y @	No. of shares increase/ decrease	No. of Shares	% of total shares of the company
1	Ainos Holdings Limited*	-	-	Preferential Allotment	25/10/2016	13,813,441	13,813,441	3.65
				At the end of year	31/12/2016	-	13,813,441	3.65
2	Government of Singapore	6,798,891	2.10	Decrease	31/03/2016	(42,280)	6,756,611	1.79
				Decrease	08/04/2016	(190,922)	6,565,689	1.74
				At the end of year	31/12/2016	-	6,565,689	1.74
3	Anjali Powar Haridass*	-	-	Preferential Allotment	19/10/2016	4,208,608	4,208,608	1.11
					25/10/2016	1,516,880	5,725,488	1.51
				At the end of year	31/12/2016	-	5,725,488	1.51
4	Monetary Authority of Singapore	1,856,937	0.57	Increase	15/01/2016	112,330	1,969,267	0.52
				Increase	05/02/2016	190,333	2,159,600	0.57
				Increase	12/02/2016	23,861	2,183,461	0.58
				Increase	19/02/2016	16,279	2,199,740	0.58
				Increase	26/02/2016	301,502	2,501,242	0.66
				Increase	04/03/2016	359,356	2,860,598	0.76
				Increase	31/03/2016	70,082	2,930,680	0.78
				Increase	08/04/2016	326,460	3,257,140	0.86
				Increase	03/06/2016	122,767	3,379,907	0.89
				At the end of year	31/12/2016	-	3,379,907	0.89

For each of the Top 10 Shareholders		Shareholding at the beginning of the year		Datewise Increase / Decrease in shareholding during the year specifying the reasons for increase / decrease			Cumulative Shareholding during the year	
Sr. No.	Name of the Shareholder	No. of Shares	% of total shares of the company	Reasons for change	Date of change in shareholding D/M/Y @	No. of shares increase/ decrease	No. of Shares	% of total shares of the company
5	ICICI Prudential Long Term Equity Fund (Tax Saving)	2,416,833	0.75	Increase	22/01/2016	96,911	2,513,744	0.66
				Increase	29/01/2016	21,909	2,535,653	0.67
				Increase	19/02/2016	74,913	2,610,566	0.69
				Increase	26/02/2016	377,774	2,988,340	0.79
				Increase	04/11/2016	17,855	3,006,195	0.80
				Increase	11/11/2016	129,007	3,135,202	0.83
				At the end of year	31/12/2016	-	3,135,202	0.83
6	Birla Sun Life Trustee Company Private Limited A/C Birla Sun Life Midcap Fund #	1,100,000	0.34	Increase	15/01/2016	21,000	1,121,000	0.30
				Increase	22/01/2016	209,700	1,330,700	0.35
				Increase	05/02/2016	36,800	1,367,500	0.36
				Increase	12/02/2016	132,500	1,500,000	0.40
				Increase	19/02/2016	172,150	1,672,150	0.44
				Increase	26/02/2016	127,850	1,800,000	0.48
				Increase	31/03/2016	200,000	2,000,000	0.53
				Increase	30/06/2016	160,000	2,160,000	0.57
				Increase	15/07/2016	44,535	2,204,535	0.58
				Increase	22/07/2016	51,204	2,255,739	0.60
				Increase	29/07/2016	44,261	2,300,000	0.61
				Increase	16/09/2016	75,000	2,375,000	0.63
				Increase	07/10/2016	77,000	2,452,000	0.65
				Increase	21/10/2016	20,800	2,472,800	0.65
				At the end of year	31/12/2016	-	2,472,800	0.65
7	Anil Haridass*	-	-	Preferential Allotment	19/10/2016	4,107,061	4,107,061	1.09
					25/11/2016	1,477,997	5,585,058	1.48
				At the end of year	31/12/2016	-	5,585,058	1.48
8	National Westminster Bank PLC as Depositary of Baillie Gifford Pacific Fund a Sub Fund of Baillie Gifford Overseas Growth Funds ICVC #	1,403,363	0.43	Decrease	09/09/2016	(27,955)	1,375,408	0.36
				Decrease	14/10/2016	(56,574)	1,318,834	0.35
				Decrease	21/10/2016	(31,776)	1,287,058	0.34
				At the end of year	31/12/2016	-	1,287,058	0.34

For each of the Top 10 Shareholders		Shareholding at the beginning of the year		Datewise Increase / Decrease in shareholding during the year specifying the reasons for increase / decrease			Cumulative Shareholding during the year	
Sr. No.	**Name of the Shareholder**	**No. of Shares**	**% of total shares of the company**	**Reasons for change**	**Date of change in shareholding D/M/Y @**	**No. of shares increase/ decrease**	**No. of Shares**	**% of total shares of the company**
9	ICICI Prudential Midcap Fund #	1,612,880	0.50	Decrease	29/04/2016	(41,644)	1,571,236	0.42
				Decrease	03/06/2016	(2,200)	1,569,036	0.41
				Decrease	10/06/2016	(269,028)	1,300,008	0.34
				Decrease	17/06/2016	(29,071)	1,270,937	0.34
				Decrease	24/06/2016	(4,340)	1,266,597	0.34
				Decrease	07/10/2016	(669,349)	597,248	0.16
				Decrease	11/11/2016	(133,984)	463,264	0.12
				Decrease	02/12/2016	(41,664)	421,600	0.11
				Decrease	09/12/2016	(21,744)	399,856	0.11
				Decrease	16/12/2016	(5,942)	393,914	0.10
				At the end of year	31/12/2016	-	393,914	0.10
10	Girdharilal Agrawal #	3,382,843	1.05	Decrease	12/08/2016	(1,000,000)	2,382,843	0.63
				Decrease	21/10/2016	(1,000,000)	1,382,843	0.37
				Decrease	09/12/2016	(1,382,843)	-	-
				At the end of year	31/12/2016	-	-	-
11	Axis Mutual Fund Trustee Limited A/C Axis Mutual Fund #	1,657,087	0.51	Increase	25/03/2016	150,000	1,807,087	0.48
				Decrease	05/08/2016	(17,896)	1,789,191	0.47
				Decrease	12/08/2016	(327,798)	1,461,393	0.39
				Decrease	19/08/2016	(838,472)	622,921	0.16
				Decrease	26/08/2016	(59,789)	563,132	0.15
				Decrease	02/09/2016	(60,802)	502,330	0.13
				Decrease	09/09/2016	(502,330)	-	-
				At the end of year	31/12/2016	-	-	-
12	Prudential Management And Services Private Limited	4,784,068	1.48	At the end of year	31/12/2016	-	4,784,068	1.27
13	Sunil Haridass*	-	-	Preferential Allotment	19/10/2016	3,404,333	3,404,333	0.90
					25/10/2016	1,227,035	4,631,368	1.22
				At the end of year	31/12/2016	-	4,631,368	1.22
14	Sundaram Mutual Fund A/C Sundaram Select Midcap	4,491,723	1.39	Decrease	16/09/2016	(30,941)	4,460,782	1.18
				At the end of year	31/12/2016	-	4,460,782	1.18
15	Life Insurance Corporation of India	4,369,507	1.35	At the end of year	31/12/2016	-	4,369,507	1.16

Figures in bracket indicate sale of shares.

@ Based on the beneficiary positions as at end of the each week except for the increase due to Preferential Allotment in which case, the date of allotment is mentioned.

Ceased to be in the list of top ten shareholders as on 31st December, 2016. The same is reflected above since the shareholders were one of the top ten shareholders as on 1st January, 2016.

* Was not part of top ten shareholders as on 1st January, 2016 however included above since the shareholders were one of the top ten shareholders as on 31st December, 2016.

E) **Shareholding of Directors and Key Managerial Personnel:**

Sr. No.	Name of the Director / KMP	Shareholding at the beginning of the year		Date wise Increase / Decrease in shareholding during the year specifying the reasons for increase / decrease			Cumulative shareholding during the year	
		No. of Shares	% of total shares of the company	Reasons for change	Date of change in shareholding D/M/Y	No. of shares increased/ decreased	No. of Shares	% of total shares of the company
1	Mr. Hemant Luthra	328,273	0.10	ESOP Allotment	30/03/2016	20,480	348,753	0.09
				At the End of the year	31/12/2016	-	348,753	0.09
2	Mr. Ramaswami K	125,167	0.04	ESOP Allotment	30/03/2016	75,000	200,167	0.05
				At the End of the year	31/12/2016	-	200,167	0.05
3	Mr. Zhooben Dosabhoy Bhiwandiwala	21,500	0.01	At the End of the year	31/12/2016	-	21,500	0.01
4	Mr. Daljit Mirchandani	25,000	0.01	At the End of the year	31/12/2016	-	25,000	0.01
5	Mr. Sanjay Vasant Joglekar (Retired from the services of the Company on 30th September, 2016)	105,671	0.03	ESOP Allotment	01/03/2016	408	106,079	0.03
				At the End of the year	31/12/2016	-	106,079	0.03
6	Mr. Romesh Kaul	12,500	-	At the End of the year	31/12/2016	-	12,500	-
7	Mr. Krishnan Shankar	19,521	0.01	ESOP Allotment	30/03/2016	231	19,752	0.01
				ESOP Allotment	02/07/2016	3,000	22,752	0.01
				At the End of the year	31/12/2016	-	22,752	0.01
8	Mr. K.Jayaprakash (Appointed as CFO w.e.f. 24/10/2016)	-	-	At the End of the year	31/12/2016	-	-	-

F) **INDEBTEDNESS -**

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(In ₹ Million)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	70.0	169.4		239.4
ii) Interest due but not paid	-	-		-
iii) Interest accrued but not due				
Total (i+ii+iii)	**70.0**	**169.4**	**-**	**239.4**
Change in Indebtedness during the financial year				
* Addition	1,314.5	-		1,314.5
* Reduction	-	39.4		39.4
Net Change	1,314.5	(39.4)	-	1,275.1
Indebtedness at the end of the financial year				
i) Principal Amount	1,384.5	130.0		1,514.5
ii) Interest due but not paid	-	-		-
iii) Interest accrued but not due				
Total (i+ii+iii)	**1,384.5**	**130.0**	**-**	**1,514.5**

XI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(In ₹ Million)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager				Total
		Mr. Hemant Luthra	Mr. Pedro Jesus Echegaray Larrea (upto 12/09/16)	Mr. Ander Arenaza Álvarez (From 13/09/16)	Mr. K. Ramaswami	
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961*	43.60	7.50	-	18.98	70.08
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961**	0.04	12.86	-	0.04	12.93
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961					
2	Stock Option***					
3	Sweat Equity					
4	Commission - as % of profit - others, specify…					
5	Others, please specify	-	-	-	-	-
	Total (A)	**43.64**	**20.36**	**-**	**19.02**	**83.01**
	Ceiling as per the Act					.

* includes provision made for performance pay payable for the Financial Year under review and exclude the performance pay paid during financial year which pertains to previous financial year.

** excludes perquisite value pursuant to exercise of options granted under MCIE-ESOP scheme, if any.

*** excludes perquisite value pursuant to exercise of options granted under MCIE-ESOP scheme-2007, given that the same were issued all conditions related thereto were fulfilled prior to commencement of Companies Act, 2013 and based on legal advice received by Company, the perquisite value on the exercise of these options is not included above.

B. Remuneration to other directors

(In ₹ Million)

Sr. No.	Particulars of Remuneration	Name of Independent Directors							Total Amount
		Mr. Daljit Mirchandani	Mr. Dhananjay Mungale	Mr. Manoj Maheshwari	Mrs. Neelam Deo	Mr. Suhail A. Nathani	Mr. Juan Maria Bilbao Ugarriza	Mr. Jose Sabino Velasco Ibanez	
1	**Independent Directors**								
	Fee for attending board committee meetings	0.76	0.47	0.65	0.40	0.20	0.45	0.50	3.43
	Commission	-	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-	-
	Total (1)	**0.76**	**0.47**	**0.65**	**0.40**	**0.20**	**0.45**	**0.50**	**3.43**
2	**Other Non-Executive Directors**	**Name of the Non-Executive Directors**							**Total Amount**
		Mr. Zhooben Dosabhoy Bhiwandiwala	Mr. Shriprakash Shukla	Mr. Antonio Maria Pradera Jauregui	Mr. Jesus Maria Herrera Barandiaran				
	Fee for attending board committee meetings	-	-	-	-				-
	Commission	-	-	-	-				-
	Others, please specify	-	-	-	-				-
	Total (2)	**-**	**-**	**-**	**-**				**-**
Total (B)=(1+2)		**0.76**	**0.47**	**0.65**	**0.40**	**0.20**	**0.45**	**0.50**	**3.43**
Total Managerial Remuneration (A+B)									**86.44**
Overall Ceiling as per the Act		₹ 1 Lakh sitting fees for each meeting of Board or Committee thereof being ceiling for the Company applicable for the financial year covered by this Report. Overall Ceiling at 11% will be ₹ 105.46 Million							

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(In ₹ Million)

Sr. No.	Particulars of Remuneration	CEO	CFO	CFO	Company Secretary	Total
		Mr. Romesh Kaul	**Mr. Sanjay Joglekar (Upto September 30, 2016)**	**Mr. K Jayaprakash (From October 24, 2016)**	**Mr. Krishnan Shankar**	
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	13.56	16.64	1.17	3.45	34.82
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.05	0.05	0.05	-	0.15
	(c) Profits in lieu of salary under under section 17(3) of the Income-tax Act, 1961					
2	Stock Option**		-		-	-
3	Sweat Equity					
4	Commission					
	- as % of profit					
	- others, specify					
5	Others, please specify					
	Others, please specify (Bonus)					
	Total	**13.61**	**16.69**	**1.22**	**3.45**	**34.97**

* includes provision made for performance pay payable for the Financial Year under review and exclude the performance pay paid during financial year which pertains to previous financial year

** excludes perquisite value pursuant to exercise of options granted under MCIE-ESOP scheme-2007, given that the same were issued and all conditions related thereto were fulfilled prior to commencement of Companies Act, 2013 and based on legal advice received by Company, the perquisite value on the exercise of these options is not included above.

XII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties / punishment/ compounding of offences for the breach of any sections of Companies Act against the Company or its Directors or other officers in default, if any, during the year.

For and on behalf of the Board

Hemant Luthra
Chairman & Executive Director
DIN: 00231420

Date: 23rd February 2017
Place: Mumbai

Annexure X

Dividend Distribution Policy

The Dividend Distribution Policy (“the Policy”) establishes the principles to ascertain amounts that can be distributed to equity shareholders as dividend by the Company as well as enable the Company strike balance between pay-out and retained earnings, in order to address future needs of the Company. The policy shall come into force for accounting periods beginning from 1st January, 2017.

Dividend would be declared on per share basis on the Ordinary Equity Shares of the Company having face value ₹ 10 each. The Company currently has no other class of shares. Therefore, dividend declared will be distributed amongst all shareholders, based on their shareholding on the record date.

Dividends will generally be considered by the Board once a year, after the announcement of the full year results and before the Annual General Meeting (AGM) of the shareholders, as may be permitted by the Companies Act. The Board may also declare interim dividends as may be permitted by the Companies Act.

The dividend policy would have twin objective of appropriately rewarding shareholders through dividends and retaining capital, in order to maintain a healthy capital adequacy ratio to support the future growth.

The Company has not paid any dividend to the shareholders in the past. Going forward, subject to the provisions of the applicable law, the Company’s dividend payout will be determined based on available financial resources, investment requirements and taking into account optimal shareholder return.

While determining the nature and quantum of the dividend payout, including amending the suggested payout range as above, the Board would take into account the following factors:

- **Internal Factors**

  i. Profitable growth of the Company and specifically, profits earned during the financial year as compared with:
     a. Previous years and
     b. Internal budgets,
  ii. Cash flow position of the Company,
  iii. Accumulated reserves,
  iv. Earnings stability,
  v. Future cash requirements for organic growth/expansion and/or for inorganic growth,
  vi. Current and future leverage and, under exceptional circumstances, the amount of contingent liabilities,
  vii. Deployment of funds in short term marketable investments,
  viii. Long term investments,
  ix. Capital expenditure(s), and
  x. The ratio of debt to equity (at net debt and gross debt level).

- **External Factors**

  i. Business cycles,
  ii. Economic environment,
  iii. Cost of external financing,
  iv. Applicable taxes including tax on dividend,
  v. Industry outlook for the future years,
  vi. Inflation rate, and
  vii. Changes in the Government policies, industry specific rulings & regulatory provisions.

Apart from the above, the Board also considers sense of shareholders’ expectations while determining the rate of dividend. The Board may additionally recommend special dividend in special circumstances.

The Board may consider not declaring dividend or may recommend a lower payout for a given financial year, in the event of challenging circumstances such as regulatory and financial environment. In such event, the Board will provide rationale in the Annual Report.

The retained earnings of the Company may be used in any of the following ways

i. Capital expenditure for working capital,
ii. Organic and/ or inorganic growth,
iii. Investment in new business(es) and/or additional investment in existing business(es),
iv. Declaration of dividend,
v. Capitalisation of shares,
vi. Buy back of shares,
vii. General corporate purposes, including contingencies,
viii. Correcting the capital structure,
ix. Any other permitted usage as per the Companies Act, 2013.

This policy may be reviewed periodically by the Board. Any changes or revisions to the policy will be communicated to shareholders in a timely manner.

The policy will be available on the Company’s website and the link to the policy is: http://www.mahindracie.com/investors/investor-relations/governance.html

The policy will also be disclosed in the Company’s annual report.

Management Discussion and Analysis Report

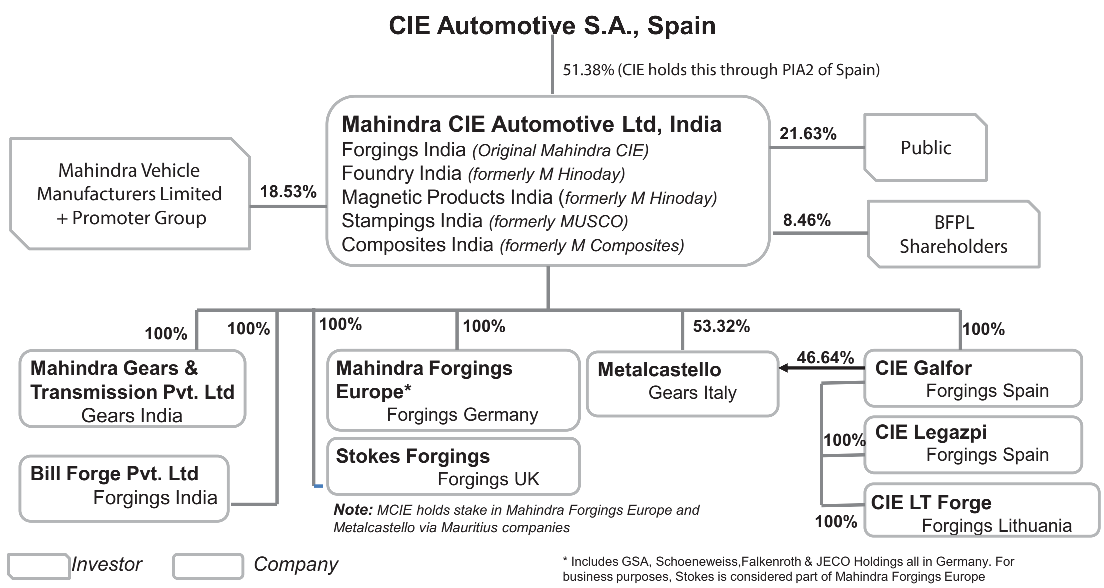
Background

Mahindra CIE Automotive Limited (‘Mahindra CIE’ or ‘MCIE’) is a multi-locational and multi-technology business with engineering capabilities and manufacturing facilities of its own and of its subsidiaries in India and in Germany, Spain, Lithuania, Italy and the United Kingdom in Europe. We have an established presence in each of these locations and supply automotive components to our customers based there and export our products to customers based in other countries as well. MCIE is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). MCIE currently has about 378.09 Million shares listed, including 54.49 Million shares allotted to part finance the Bill Forge Acquisition.

We are a part of the CIE Automotive Group of Spain and are the CIE Automotive Group’s platform to operate its automotive components business in South East Asia across all production technologies and for the growth of its forgings business globally.

Set out below in Exhibit 1 is a graphical representation of the manner in which we and our businesses are organized

Exhibit 1: Legal Structure of Mahindra CIE



The list of subsidiaries of Mahindra CIE Automotive and their ownership interest is provided in Exhibit 2.

Exhibit 2: Mahindra CIE Automotive Limited - Subsidiary Companies

Subsidiary Companies Information			
Sr. No.	**Name of the Subsidiary**	**Proportion of Ownership Interest**	**Remarks**
1	Stokes Group Limited	100%	Collectively known as “Mahindra Forgings Europe”
2	Stokes Forgings Dudley Limited*	100%	
3	Stokes Forgings Limited*	100%	
4	Mahindra Forgings International Limited#	100%	
5	Mahindra Forgings Europe AG	100%	
6	Jeco Jellinghaus GmbH**	100%	
7	Gesenkschmiede Schneider GmbH	100%	
8	Falkenroth Umformtechnik GmbH	100%	
9	Schoeneweiss & Co. GmbH	100%	
10	Mahindra Forgings Global Limited#	100%	
11	Mahindra Gears and Transmissions Private Limited	100%	
12	Bill Forge Private Limited	100%	Collectively referred as ‘Bill Forge’
13	BF Precision Private Limited	100%	
14	Bill Forge Global DMCC***	100%	

Subsidiary Companies Information			
Sr. No.	**Name of the Subsidiary**	**Proportion of Ownership Interest**	**Remarks**
15	Bill Forge de Mexico S de RL de CV##	100%	
16	Mahindra Gears Global Limited###	100%	Collectively known as "Metalcastello"
17	Metalcastello S.p.A.	99.96%	
18	Crest Geartech Private Limited*	99.96%	
19	CIE Galfor S.A.	100%	Collectively known as "CIE Forgings"
20	UAB CIE LT Forge	100%	
21	CIE Legazpi S.A.	100%	

Please note:

* These are dormant companies
** Has been operationally closed
*** Winding up formalities in progress
\# These are Mauritius holding companies, proposed to be merged with MCIE
\## Yet to commence operations
\### This is Mauritius holding Company proposed to be merged with Metalcastello S.A.

MCIE Overview

MCIE today is a large diversified auto-components company with presence across many processes/ product lines, geographies and customers. It manufactures parts, not systems and aggregates, but these parts are complex and value added thus differentiating it from other 'tier 2 part' companies. It should also be noted that MCIE is focused on the automotive market – cars, utility vehicles, commercial vehicles and tractors. With the acquisition of Bill Forge, we have also entered the Two wheeler segment in India.

A brief description of the key businesses of MCIE is presented in Exhibit 3.

Exhibit 3: MCIE – Lines of business

Geography	Product Speciality	Focus Areas	Key Customers	CY 2016 Revenue (in ₹ Million)
Forgings				
India	Crankshafts - As forged and Machined, Stub Axles - As forged and Machined	Passenger & Utility Vehicles and Tractors	M&M, Maruti Suzuki India, Tata Motors	4,298
Bill Forge India	2 Wheelers: Steering races and engine valve retainers Passanger Vehicles: constant velocity joints, tulips, steering shafts, steering yokes and wheel hubs	Passenger Vehicles and Two Wheelers	Hero, Bajaj, HMSI and TVS, Ford, GKN, NTN, Nexteer, RaneNSK	1,752
Germany	Forged and Machined parts, Front Axle Beams and Steel Pistons	Heavy Commercial Vehicles	Daimler AG, Man, DAF, Volvo Group, KS, Linde, AGCO, ZF, Scania, Ford, SAF Holland, Robert Bosch	14,861
UK	Flashless Near Nett Forgings	Passenger Vehicles		974
Spain + Lithuainia	Forged steel parts for Industrial Vehicles and Crankshafts, Common Rail, Stubs, Tulips for passenger cars	Passenger Vehicles	Reanult,VW Group, Daimler, GKN, JLR, GM, Fiat, DAF, Bosch, NTN, Faurecia, Dana, ZF, BMW	14,863

Geography	Product Speciality	Focus Areas	Key Customers	CY 2016 Revenue (in ₹ Million)
Stampings				
India	Sheet Metal Stampings, Components and Assemblies	Passenger & Utility Vehicles	M&M, Tata Motors	7,047
Castings				
India	Turbocharger Housings, Axle & Transmission Parts	Passenger & Utility Vehicles, Construction Equipment & Earthmoving , Tractors and Tier 1	M&M, Honeywell, Cummins, Hyundai, JCB, Automotive Axle, New Holland, Dana India CV, John Deere	4,058
Magnetic Products				
India	Soft and Hard Magnets, Magnetic Induction Lighting	Tier 1 of Passenger Vehicles, Utility Vehicles, Two Wheelers	Denso, Sumida, Varroc, Intica, Mitsuba	1,487
Composites				
India	Compounds, Components, and Products	Electrical Switchgear, Auto Components	L&T Switchgear, Phoenix Mecano, TVS, M&M, Volvo Eicher	978
Gears				
India	Engine Gears, Timing Gears, Transmission Gears, Transmission Dirve Shafts	Passenger & Utility Vehicles, Construction & Earthmoving Equipment	M&M, Eaton, Caterpillar, NHFI, Turk Tractor (CNH), BEML, New Holland	1,593
Italy	Engine Gears, Transmission Drive shafts, Crown Wheel Pinion	Tractors, Construction & Earthmoving Equipment	Caterpillar, CNH, Merritor, GDLS/Mowag/Cormer, Argo, John Deere	3,637

Acquisition of Bill Forge

In this year gone by, the Board approved the acquisition of 100% equity shares of Bill Forge Private Limited (BFPL), and the transaction was completed by 25th October, 2016. Founded in 1982, BFPL is a market-leading precision forging company based in Bangalore, India with 6 manufacturing facilities in India across Bangalore, Coimbatore and Haridwar and an upcoming plant in Celaya, Mexico.

BFPL is a crucial supplier to a number of domestic and global two-wheeler and passenger car OEMs and Tier 1 auto component companies. It manufactures a variety of cold, warm, hot forged and machined components primarily for steering, transmission and wheel-related assemblies.

Total consideration payable for the said acquisition was agreed at ₹ 13,312 Million. To part finance the acquisition MCIE allotted 31.99 Million equity shares to shareholders of BFPL at ₹ 200 per share (totally valued at ₹ 6,399 Million) and 22.5 Million equity shares to Participaciones Internacionales Autometal, Dos S.L. (one of the promoter of the Company and subsidiary of CIE) at ₹ 200 per share valued at ₹ 4,500 Million. Through this structure MCIE achieved two key objectives 1. CIE has chosen to repose faith in the future of MCIE by increasing its stake which was visible 2. BFPL management and shareholders continued to be invested and became a part of the MCIE family. The shareholders of BFPL reinvesting almost half of their proceeds inside the Company is a measure of confidence that they see a joint future as much brighter than taking the cash home, that is a very strong reinforcement of the future of MCIE.

With the acquisition of Bill Forge, MCIE now has 26 manufacturing facilities including 8 manufacturing facilities in Europe. Our manufacturing locations are generally located close to major automotive manufacturing hubs in order to facilitate supplies to our customers. In certain instances, we also provide services such as value analysis and value engineering to add value to our customers' products. Our unique combination of specialization in high value added products, which is usually delivered directly to OEMs and our presence across multiple production technologies, differentiates us from other component suppliers.

Industry Outlook & Structure: Caution Ahead

According to IMF, Global growth is expected to slow to 3.1 percent in 2016 while recovering to 3.4 percent in 2017. (Source: IMF, World Economic Outlook, October 2016).

Europe

According to the European Commission's winter 2017 forecast, the European Commission expects euro area GDP growth of 1.6% in 2017 and 1.8% in 2018. Real GDP in the euro area has grown for 15 consecutive quarters, employment is growing at a robust pace and unemployment continues to fall, although it remains above pre-crisis levels. Private consumption is still the engine of the recovery. Investment growth continues but remains subdued.

In the automotive markets of Europe, our customers use our products as components primarily in heavy commercial vehicles, passenger vehicles, off-road vehicles, earth-moving vehicles and agricultural equipment vehicles.

Commercial Vehicles > (6T)

Period	2016	2015	Change
Full Year	636,840	570,331	11.7%
Oct-Dec	152,843	141,115	8.3%
Jul-Sep	147,943	145,114	1.9%
Apr-Jun	188,579	147,778	27.6%
Jan-Mar	147,475	136,324	8.2%

Passenger vehicles

Period	2016	2015	Change
Full Year	18,671,593	18,044,327	3.5%
Oct-Dec	4,509,180	4,468,650	0.9%
Jul-Sep	4,119,043	4,188,723	-1.70%
Apr-Jun	5,169,499	4,719,037	9.5%
Jan-Mar	4,873,871	4,667,917	4.4%

As per the IHS, the commercial vehicle production numbers in Europe in Calendar Year 2016 have shown good growth of 11.7%.

Data from IHS shows that the production of passenger vehicles in Europe has grown by 3.5% in Calendar Year 2016 as compared to the same period from the previous year. There was steady growth in most of the months of this period and this augurs well on an overall basis for the coming year. In line with various forecasts we expect the growth in the EU passenger car markets to be muted. As per IHS data the passenger vehicle market is forecasted to grow at a CAGR of 0.66% over the period of 2017-2021

India

In Fiscal 2017, the Central Statistical Office of the Government of India has said that the GDP growth is estimated to be approximately 7.1%. CSO points to robust numbers in sectors such as public administration, defence, financial services, real estate, professional services and the like, which ensured that the GDP growth stayed above 7% despite sectors such as mining and quarrying dragging it down. This growth was achieved inspite of the policy of demonetisation.

In early November 2016, the Government of India announced the demonetisation of the 2 largest currency notes viz. The ₹ 500 note and the ₹ 1000 note. In the short term since large parts of the Indian economy were cash based, consumer demand may was negatively affected till the money supply is fully restored. The cash dependent economy has been most hit, therefore the segments like Two Wheelers, Tractors and commercial vehicles which are dependent on the cash economy prevalent in rural areas were expected to be hit in Q4 2016. However, the long term effect of demonetisation is reckoned by most experts to be generally good for the economy with expansion of the tax base and increased focus on digitisation enabling the government to increase spending on infrastructure and the rural economy.

In the medium term CRISIL India expects consumption to pick up a notch with lower commodity prices and inflation improving real purchasing power and somewhat softer interest rates stimulating demand. CRISIL believes that these factors will provide the much needed trigger for growth as capacity utilisation remains low for now. In addition, in FY17 CRISIL expects the pay commission payouts to provide a boost to consumption and in turn support growth.

MCIE's main target segments in India are passenger car & utility vehicle, tractors and two wheelers.

Passenger vehicles (PV's+UV's)

Period	2016	2015	Change
Full Year	3,499,152	3,238,945	8.0%
Oct-Dec	891,404	788,296	13.1%
Jul-Sep	948,290	848,577	11.8%
Apr-Jun	806,507	774,512	4.1%
Jan-Mar	852,951	827,560	3.1%

Data from the Society of Indian Automobile Manufacturers (SIAM) shows that the UV segment has shown strong growth in Calendar Year 2016 with 31.8% over the corresponding period last year. The production of passenger cars has grown by a steady 2.3% in Calendar Year 2016 compared to the previous year. Thus; in our addressable market, cumulative Passenger Car & Utility Vehicle production has grown by 8% in Calendar Year 2016. There is no empirical evidence to suggest that demonetisation has had any impact on the passenger car industry. In the long term if the economy picks up and the interest rates are reduced, demand will pick up.

Crisil Research expects Domestic cars and utility vehicles (UVs) sales to accelerate from 6% compound annual growth rate (CAGR) between 2010-11 and 2015-16 to 11-13% CAGR from 2015-16 to 2020-21. GST implementation is also expected to reduce vehicle prices reducing cost of ownership and in turn, boosting the demand growth.

Tractors

Period	2016	2015	Change
Full Year	648,702	534,559	21.4%
Oct-Dec	170,893	112,835	51.5%
Jul-Sep	182,101	165,335	10.1%
Apr-Jun	170,708	145,030	17.7%
Jan-Mar	125,000	111,359	12.2%

Two Wheelers

Period	2016	2015	Change
Full Year	19,981,423	18,522,575	7.9%
Oct-Dec	4,512,823	4,684,696	-3.7%
Jul-Sep	5,564,467	4,879,699	14.0%
Apr-Jun	5,173,563	4,535,256	14.1%
Jan-Mar	4,730,570	4,422,924	7.0%

The cumulative Tractor industry production has shown an increase by about 21% compared to the corresponding period in the previous year (source: Tractor Manufacturers Association/ TMA). The quarter-wise performance reveals the growth has been consistent and has led to manufacturers increasing production. These were largely due to the uptick in demand due to the normal monsoon this year. We believe that the tractor market growth is expected to be strong yet steady, which is saying that it would be around 9-11% CAGR from 2015-16 till 2020-21 in line with Crisil's forecast. Demonetisation does not seem to have impacted demand much, contrary to expectations. Growth in demand in 2017 is dependent on how fast money supply is restored in rural areas and when the positives of the demonetization scheme in terms of government spending take effect.

The Two Wheeler industry production has shown an increase by about 21% compared to the corresponding period in the previous year (source: SIAM). The quarterwise performance reveals the growth has been consistent and has led to manufacturers increasing production. We can see that the last quarter sales have been dented slightly, probably due to the temporary loss of demand as a result of cash drying up in the market. However, two wheelers are largely considered necessities and the long term demand should sustain. CRISIL Research expects the domestic two-wheeler sales to record an 8-10% CAGR till FY 2019-2020. The payouts as per the Seventh Pay Commission recommendations are expected to boost two-wheeler sales over 2016-18.

Human Resources and Industrial Relations Climate

India

As on 31st December, 2016 there were 2608 employees on the rolls of MCIE in India and 537 employees on the rolls of Mahindra Gears & Transmissions Pvt. Ltd. and 2238 employees on the rolls of Bill Forge Pvt. Ltd. A portion of our permanent labor workforce in certain locations is part of labor unions. We have signed collective bargaining and other agreements with labor unions at several of our plants where we have agreed to certain guaranteed bonuses, guaranteed wage increases and wages linked to productivity. In addition to our own employees, we also employ additional workers who are hired on a contract labor basis through registered contractors for ancillary activities. Our human resources ("HR") policies are designed to meet the specific requirements at each plant location, are comprehensive and based on the prevailing HR practices. We provide our employees with ongoing career development opportunities. Our performance evaluation and management process continues to be the backbone of all our HR activities and is based on an appropriate goal-setting process. Employee Relations in the Pune region in general have been challenging, however relationship between the management and workers' union continued to remain cordial.

Europe

MFE and Stokes (UK) : As on 31st December, 2016, there were 954 employees on the rolls of the company, which less than the previous year.

CIEF: 780 people work at CIE Galfor S.A., CIE Legazpi S.A. and CIE LT Forge on the rolls of the company as of 31st December, 2016.

MC: As on 31st December 2016, there were 249 employees on the rolls of the company which is same as 249 as of 31st December, 2015. The company continues to maintain harmonious relations with its employees.

Strategy and Operational Performance

India

Your Company has focused on increasing Plant efficiency and has focussed on improving margins through continuous improvements. We have also started improving our export content in our revenue basket. With the help of CIE, the different verticals of the Indian operations are developing new products and will pursue business with western OEMS in India such as VW, Renault, GM and Ford where CIE in Europe has a strong presence.

Thus the approach has been to focus on improving plant operations, maintaining margins through continuous improvements and strive for growth.

Germany and UK

The turnaround in Germany is in the process and the endeavour would be to ensure that profit margins are brought to acceptable levels in the next few quarters. As reported earlier, the JECO plant has been closed down and its products have been shifted to the other plants in Germany. The UK operations are very small and with acceptable levels of performance.

Spain and Lithuania

These plants have been consistently profitable over the last few years and profit margins are in line with the consolidated margins of the CIE group worldwide. The strategic focus is to maintain profitability at these plants while growing with the market.

Italy

The Italian operations were successfully turned around in 2015 and now the efforts are towards maintaining margins. The operations also aims at improving revenues by exploring newer market segments since the existing market segment of Off-road and Agricultural machinery has not performed so well over the last few years.

Strategy Roadmap

MCIE has followed a two-phase strategy. The first stage was focussed on consolidation through optimising the operations in India while turning around European operations. Your company has made considerable progress on this to achieve our basic objectives of moving closer towards CIE's performance parameters and integrating with CIE's management culture.

Your company has now embarked on the phase 2 of its strategy; which is to grow and to integrate much more tightly with the CIE Group and it's processes.

As an enabler of the phase 2 strategy, your company has implemented a new organization structure to streamline operations to align more closely with CIE. Ander Arenaza a key senior executive from CIE has been appointed as new CEO of Mahindra CIE. Ander is an industry veteran with more than 25 years of experience.

The acquisition of Bill Forge is a step in the direction of meeting the company's growth objectives in Phase 2.

Your Company's strategy will focus on the following points:

- CIE and MCIE relationship strengthening:
  - o Transfer of technology
  - o Combined teams in each technology already launched
- Indian production base development ("Make in India"):
  - o Export ratio increase
  - o Internal growth: customer diversification
- Current business efficiency improvement: continuous improvement program
- Integration of Bill Forge:
  - o New team members integration
  - o Commercial synergies development
  - o Addition of Celaya (Mexico) plant
- Analysis of potential strategic acquisitions to reinforce position

Financial Performance

The financial performance of the entity for the year ended 31st December, 2016 and 31st December, 2015 is presented below. The figures are not comparable. Current financial year of the Company ended on 31st December, 2016 covered a period of 12 months and previous financial year covered a period of nine months from 1st April, 2015 to 31st December, 2015. Current year and previous year figures have been prepared under Ind AS.

MCIE's abridged P&L Statement for the Financial Year 2016 (₹ in Million)

Sr. No.	Particulars	Standalone		Consolidated	
		Year ended		Year ended	
		December-16 (12 months period)	December-15 (9 months period)	December-16 (12 months period)	December-15 (9 months period)
		Audited	Audited	Audited	Audited
1	Income from operation				
	(a) Net sales	**16,886.6**	12,538.2	**53,259.8**	38,253.2
	(b) Other operating income	**982.3**	770.8	**1,986.0**	1,754.0
	Total Income from operation	**17,868.9**	13,309.0	**55,245.8**	40,007.2
2	Expenses				
	(a) Cost of material consumed	**8,151.0**	6,267.3	**21,527.4**	17,775.0
	(b) Change of inventories of finished goods and work-in progress	**46.6**	31.4	**(84.2)**	(510.1)
	(c) Employee benefit expenses	**2,227.2**	1,505.0	**11,024.9**	8,013.3
	(d) Depreciation and amortisation expenses	**710.3**	538.3	**2,325.3**	1,630.2
	(e) Other Expenses	**6,000.4**	4,494.0	**17,466.7**	11,097.3
	Total expenses	**12,901.3**	17,277.5	**52,853.6**	38,509.8
3	Profit (loss) from operation before other income finance cost and exceptional items (1-2)	**733.4**	472.9	**2,985.7**	2,001.5
4	Other Income	**216.6**	59.1	**313.6**	287.4
5	Profit / (Loss) from ordinary activities before finance cost and exceptional items (3+4)	**950.0**	532.0	**3,299.3**	2,288.9
6	Finance cost	**71.0**	32.6	**593.5**	504.1
7	Profit/(Loss) from ordinary activities after finance cost but before exceptional items (5-6)	**879.0**	499.4	**2,705.8**	1,784.8
8	Exceptional items	**90.2**	-	**90.2**	778.7
9	Profit/(Loss) from ordinary activities before tax (7-8)	**788.7**	499.4	**2,615.6**	1,006.1
10	Current Tax	**273.5**	98.5	**745.1**	327.1
	(Less): Mat Credit entitlement				
	Prior year Tax				
	Deferred Tax (Credit) / Charge	**0.8**	87.8	**180.4**	(88.2)
11	Net Profit/(Loss) from ordinary activities after tax(9-10)	**514.5**	313.1	**1,690.1**	767.2
12	Net Profit / (Loss) for the period	**514.5**	313.1	**1,690.1**	767.2
13	Minority Interest				
14	Net Profit / (Loss) after taxes, Minority Interest (12-13)	**514.5**	313.1	**1,690.1**	767.2
15	Paid -Up equity share capital (Face value of ₹ 10 per equity share)	**3,780.9**	3,233.4	**3,780.9**	3,233.4
16	Reserve excluding revaluation reserve as per balance sheet of previous accounting year				
17	Earning per share (after extraordinary items) (of ₹ 10 /- each) (Not annualised)				
	(a) Basic	**1.53**	0.97	**5.01**	2.37
	(b) Diluted	**1.52**	0.97	**4.99**	2.37

Information for our Indian and Overseas operations are summarized in the table below:

Segment wise results for 2016 (₹ in Million)

Sr. No.	Particulars	Year ended	
		31st December, 2016 (12 months period)	31st December, 2015 (9 months period)
		Audited	Audited
1	**Segment Revenue**		
	a) Indian	**21,253.2**	14,440.1
	b) Overseas	**34,336.0**	25,875.1
	Total	**55,589.2**	**40,315.2**
	Less: Inter Segment Revenue	**(343.4)**	(308.0)
	Net Sales / Income from Operations	**55,245.8**	**40,007.2**
2	**Segment Profit/(Loss) before tax and interest from**		
	a) Indian	**1,140.6**	639.4
	b) Overseas	**2,068.5**	870.8
	Total	**3,209.1**	**1,510.2**
	Less:		
	(i) Un-allocable expenditure	**(593.5)**	(504.1)
	(i) Un-allocable income	**-**	-
	Total Profit Before Tax	**2,615.5**	**1,006.1**
3	**Capital Employed**		
	(Segment Assets-Segment Liabilities)		
	a) Indian	**20,219.7**	9,055.7
	b) Overseas	**12,442.9**	11,010.2
	Total	**32,662.6**	**20,065.9**

Synergies with Parents

CIE group is a group specialised in providing automotive components and sub-assemblies to the global automotive industry, working with multiple technologies and a number of different associated processes.

With the active involvement of the CIE group, MCIE aims for long term growth and profitability. CIE's access to global auto OEMs is being leveraged such that MCIE can become their partner in India for supplying parts. The focus on operational efficiency being paramount, all the businesses under MCIE will envision to imbibe and follow the excellence models employed by CIE.

Opportunities

Globally, CIE Automotive is focusing on growth in emerging markets like Mexico, India & the ASEAN region. MCIE will continue to lead this growth strategy in South East Asia. MCIE's European operations have the opportunity to use CIE's expertise to significantly improve their profitability.

Risks and Concerns

The business has a specific set of risk characteristics which are managed through an internal risk management practice. These risks are as follows:

- We are highly dependent on the performance of the automotive industry in India and Europe. Any adverse changes in the conditions affecting these markets may adversely affect our business, results of operations, financial condition and prospects.
  - Your company is monitoring the situation so that corrective actions are immediately taken in response to any demand movements
- Potential inability to pass-through to our customers via a price increase the cost increases in labor, energy, etc. could reduce our future profitability.
- The loss of certain principal customers or a significant reduction in purchase orders from certain customers could adversely affect our business, results of operations, financial condition and prospects.
  - In India we are dependent two main customers and your company is focusing on gaining entry into newer customers and newer products

- Advancement of emission norms in India would require MCIE to work with OEMs to meet the changed requirements. This may require further investments.
- Your company will need to be ready for changes in its product portfolio to counter the impact of changes in automotive technology like hybrid and electrical engines.

Internal Control Systems and their Adequacy

In the opinion of the Management, MCIE has an adequate internal audit and control systems to ensure that all transactions are authorised, recorded and reported correctly. The internal control systems comprise extensive internal and statutory audits. The Corporate Governance practices instituted by the Company are discussed in detail in the chapter on Corporate Governance which forms part of the Annual Report.

Looking Ahead

MCIE is embarking on an exciting new phase in its evolution, a phase that will be marked with closer integration with its parent and focus on growth. The company is also optimistic about inorganic growth opportunities in the South East Asian market which will drive its future strategy.

Cautionary Statement

Certain statements in the Management Discussion & Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ from those express or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries in which the Company conducts business and other incidental factors.

CORPORATE GOVERNANCE

I. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance is based on preserving core beliefs and ethical business conduct while maintaining a strong commitment to maximise long-term stakeholder value. Your Company is focused towards bringing transparency in all its dealings, adhering to well-defined corporate values and leveraging the corporate resources for long-term value creation.

Your Company is committed to moulding Corporate Governance practices in line with its core values, beliefs and ethics. Your Company believes in attainment of highest levels of transparency in all facets of its operations and maintains an unwavering focus on imbibing good Corporate Governance practices.

Your Company continues to strengthen its governance principles to generate long-term value for its various stakeholders on a sustainable basis thus ensuring ethical and responsible leadership both at the Board and at the Management levels.

The Company is in compliance with the requirements mandated by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations). A Report on compliance with the Corporate Governance as stipulated in the Listing Regulations is given below:

II. BOARD OF DIRECTORS

The composition of the Board is in conformity with Regulation 17 of the Listing Regulations and provisions of the Companies Act, 2013 as amended from time to time. The Board has an optimum combination of executive and non-executive directors with one woman director, the Chairman being an Executive Director, not less than fifty percent of the Board of Directors comprising Non-Executive independent directors.

The Management of the Company is entrusted in the hands of Key Managerial Personnel, headed by the Executive Chairman, who operate under the supervision and control of the Board. The Board reviews and approves strategy and oversees the results of Management to ensure that the long term objectives of enhancing stakeholders' value are achieved. The ultimate parent, CIE Automotive S.A. provides continuous guidance by active involvement of its Global CEO who is also on the Board of the Company.

Mr. Hemant Luthra is the Chairman and Executive Director, Mr. K. Ramaswami is the Managing Director of the Company and draws remuneration from the Company. Mr. Ander Arenaza Álvarez was appointed as Executive Director of the Company w.e.f. 13th September, 2016. His appointment as Executive Director of the Company is subject to approval of Central Government. Considering the time Mr. Arenaza is required to acclimatise himself with the business in India and get the required Government Authorisations during initial period of his appointment no remuneration is being paid by the Company. However Mr. Arenaza draws remuneration from CIE Automotive S.A., (CIE) the ultimate parent company of the Company ("CIE"). Mr. Antonio Maria Pradera Jáuregui and Mr. Jesus Maria Herrera Barandiaran are Non-Independent Non-Executive Directors who are in Whole-time employment of CIE and draws remuneration from it. Mr. Zhooben Dosabhoy Bhiwandiwala and Mr. S. P. Shukla are Non-Independent Non-Executive Directors who are in Whole-time employment of Mahindra & Mahindra Limited and draw remuneration from it.

The remaining seven Non-Executive Directors including a Woman Director are Independent Directors and are professionals drawn from diverse fields, possess requisite qualifications and experience, in technical, general corporate management, finance, banking, economics, legal and other allied fields which enables them to contribute effectively to your Company in their capacity as Independent Directors.

The maximum tenure of Independent Directors is in compliance with the Companies Act, 2013 ("the Act"). All the Independent Directors have confirmed that they meet the criteria as mentioned in Regulation 16(1)(b) of the Listing Regulations and section 149(6) of the Act.

Apart from reimbursement of expenses incurred in the discharge of their duties and the remuneration by way of sitting fees that Independent Directors would be entitled to under the Companies Act, 2013 as Non-Executive Directors, none of these Directors have any material pecuniary relationships or transactions with the Company, during the two immediately preceding financial year and during the current financial year with its Promoters, its Directors, its Senior Management or its Subsidiaries or Associates which in their judgment would affect their independence. None of the Directors of your Company are inter-se related to each other.

The Senior Management of your Company have made disclosures to the Board confirming that there are no material, financial and/or commercial transactions between them and the Company which could have potential conflict of interest with the Company at large.

A. Composition of the Board

The Board of your Company comprised of Fourteen Directors as on 31st December, 2016.

During the year under review, Mr. Pedro Jesus Echegaray Larrea resigned as Director (Executive Director) of the Company w.e.f. 12th September, 2016. Mr. Ander Arenaza Álvarez, who had been Chief Executive Officer of the Company w.e.f. 26th July, 2016, was appointed as Additional Director with effect from 13th September, 2016. Mr. Arenaza holds office as Additional Director upto the date of the next Annual General Meeting pursuant to section 160 of the Companies Act, 2013 and Article 179 of the Articles of Association of the Company. Mr. Arenaza was also appointed as Executive Director (whole-time Director) for a term of three years w.e.f. 13th September, 2016. Mr. Arenaza being non-resident in India, his appointment as Executive Director of the Company is subject to approval of the Central Government.

The names and categories of Directors, the number of Directorships and Committee positions held by them, in the companies as on 31st December, 2016 are given in Table 1 below.

None of the Director of the Company is a Director in more than 10 public limited companies or 20 companies in total (as specified in Section 165 of the Act) or acts as an Independent Director in more than 7 listed companies or 3 listed companies in case he/she serves as a Whole-time Director in any listed company (as specified in Regulation 25 of the Listing Regulations). Further, none of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees (as specified in Regulation 26 of the Listing Regulations), across all the Indian public limited companies in which he/she is a Director.

Table 1: Composition of the Board of Directors

Directors	Category	Directors Identification Number	Total number of Committee memberships of public companies as on 31st December, 2016 @	Total number of Chairmanships of Committee of public companies as on 31st December, 2016 @	Total number of Directorships of public companies as on 31st December, 2016*	Total number of Directorships of Private companies as on 31st December, 2016*
NON–EXECUTIVE						
Mr. Antonio Maria Pradera Jáuregui $	Non-Independent	06704890	Nil	Nil	1	Nil
Mr. Jesus Maria Herrera Barandiaran$	Non-Independent	06705854	Nil	Nil	1	Nil
Mr. Zhooben Dosabhoy Bhiwandiwala$	Non-Independent	00110373	1	1	10	9
Mr. S. P. Shukla$	Non-Independent	00007418	Nil	Nil	8	0
Mr. Daljit Mirchandani	Independent	00022951	1	4	6	Nil
Mr. Manoj Maheshwari	Independent	00012341	3	2	6	2
Mr. Dhananjay Mungale	Independent	00007563	4	2	7	6
Mr. Jose Sabino Velasco Ibanez	Independent	06704932	1	Nil	1	Nil
Mr. Juan Maria Bilbao Ugarriza	Independent	06963805	1	Nil	1	Nil
Mrs. Neelam Deo	Independent	02817083	Nil	Nil	3	Nil
Mr. Suhail Nathani	Independent	01089938	Nil	Nil	3	2
EXECUTIVE						
Mr. K. Ramaswami	Managing Director	00517598	Nil	Nil	1	Nil
Mr. Ander Arenaza Álvarez$ #	Executive Director	07591785	Nil	Nil	2	Nil
Mr. Hemant Luthra$	Chairman & Executive Director	00231420	1	Nil	3	3

$ Participaciones Internacionales Autometal, DOS S.L (PIA2), one of the Promoters of the Company, has nominated Mr. Hemant Luthra, Mr. Antonio Maria Pradera Jáuregui, Mr. Jesus Maria Herrera Barandiaran and Mr. Ander Arenaza Álvarez on the Board of the Company. Mahindra and Mahindra Limited (M&M) has nominated Mr. K. Ramaswami, Mr. Zhooben Dosabhoy Bhiwandiwala and Mr. S.P. Shukla on the Board in accordance with rights vested in PIA2 and M&M under the Articles of Association of the Company. However, the Directors are not appointed as "Nominee Directors" in terms of provisions of the Companies Act, 2013 and they are acting as Directors of the Company in their professional capacity.

* Excludes Directorships in companies registered under Section 8 of the Companies Act, 2013 and companies registered outside India but includes Directorship in the Company.

@ Chairpersonship and membership of the Audit committee and Stakeholders' Relationship Committee held in all the public companies including that of the Company is considered. Committee Membership(s) and Chairmanship(s) are counted separately.

Director w.e.f. 13th September, 2016

Mr. Pedro Echegaray ceased to be a Director of the Company w.e.f. 12th September, 2016. As on the date of his cessation he was Director in only one Public Company except that of the Company and was not holding any committee position.

B. Board Procedure

A detailed Agenda, setting out the business to be transacted at the Meeting(s), supported by detailed notes is sent to each Director at least seven days before the date of the Board Meeting(s) and of the Committee Meeting(s). The Directors are provided the facility of video conferencing to enable them to participate effectively in the Meeting(s), as and when required.

To enable the Board to discharge its responsibilities effectively and take informed decisions, the Managing Director, Executive Director and Chief Executives of respective divisions apprises the Board at every meeting on the overall performance of the Company, followed by presentations by other senior executives of the Company.

The Board also, inter alia, periodically reviews strategy and business plans, annual operating and capital expenditure budget(s), compliance report(s) of all laws applicable to your Company, as well as steps taken by your Company to rectify instances of non-compliances, review of major legal issues, if any, minutes of the Committees of the Board, Minutes of Board Meetings of subsidiary companies, statement of significant transactions and arrangements entered into by the unlisted subsidiary companies, approval of quarterly/half-yearly/annual results, significant labour problems, if any, and their proposed solutions, safety and risk management, transactions pertaining to purchase/disposal of property(ies), major accounting provisions and write-offs, corporate restructuring, details of any joint ventures or collaboration agreement, material default in financial obligations, if any, fatal or serious accidents, any material effluent or pollution problems, transactions that involve substantial payment towards goodwill, brand equity or intellectual property, any issue that involves possible public or product liability claims of substantial nature, including judgement or order which may have passed strictures on the conduct of your Company, quarterly details of foreign exchange exposures and the steps taken by Management to limit the risks of adverse exchange rate movement and information on recruitment of Senior Officers just below the Board level.

The Board sets annual performance objectives, oversees the actions and results of the management, evaluates its own performance, performance of its Committees and individual Directors on an annual basis and monitors the effectiveness of the Company's governance practices for enhancing the stakeholders' value.

C. Number of Board Meetings, Attendance of the Directors at Meetings of the Board and at the last Annual General Meeting (AGM).

The Board of Directors met nine times during the financial year ended 31st December, 2016 on the following dates- 19th January, 2016, 22nd February, 2016, 22nd April, 2016, 17th May, 2016, 26th July, 2016, 12th September, 2016, 24th October, 2016, 11th November, 2016 and 12th December, 2016. The gap between any two meetings was not more than 120 days.

The Seventeenth Annual General Meeting (AGM) of members of your Company was held on 17th May, 2016.

The attendance of the Directors at these meetings is presented as below:

Table 2: Number of Meetings and Attendance

Sr. No.	Directors	No. of Board Meetings attended	Attendance at the AGM
1	Mr. Hemant Luthra	9	Yes
2	Mr. Zhooben Dosabhoy Bhiwandiwala	7	No
3	Mr. Antonio Maria Pradera Jáuregui	6	Yes
4	Mr. Jesus Maria Herrera Barandiaran	6	No
5	Mr Daljit Mirchandani	9	Yes
6	Mr. Manoj Maheshwari	8	Yes
7	Mr. Dhananjay Mungale	6	No
8	Mr. Juan Maria Bilbao Ugarriza	8	No
9	Mrs. Neelam Deo	8	No
10	Mr. Suhail Nathani	4	Yes
11	Mr. Jose Sabino Velasco Ibanez	7	No
12	Mr. K Ramaswami	8	Yes
13	Mr. Pedro Jesus Echegaray (Director till 12th September, 2016)	6	Yes
14	Mr. Shriprakash Shukla	4	No
15	Mr. Ander Arenaza Álvarez (Director w.e.f. 13th September, 2016)	3	N.A.

Apart from Board members and the Company Secretary, the Board and Committee Meetings are generally also attended by the Chief Financial Officer, Chief Executive Officer, other Senior Management Personnel's of the Company and wherever required by the Heads of various corporate functions.

D. Meeting of Independent Directors

The Independent Directors of your Company met on 12th December, 2016 before the Board Meeting without the presence of the Non-Independent Director(s) and members of the Management.

The meeting was conducted in an informal and flexible manner to enable the Independent Directors to, inter alia, discuss matters pertaining to review of performance of Non-Independent Directors and the Board as a whole, review the performance of the Chairman of the Company (taking into account the views of the Executive and Non-Executive Directors), assess the quality, quantity and timeliness of flow of information between the Company's Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

E. Directors seeking appointment /re-appointment

Mr. Zhooben Dosabhoy Bhiwandiwala, and Mr. Antonio Maria Pradera Jauregui, retire by rotation and being eligible, have offered themselves for re-appointment.

Further, the Board, on recommendation of nomination and remuneration committee appointed Mr. Ander Arenaza Álvarez as an Additional Director w.e.f 13th September, 2016. Pursuant to Section 161 of the Companies Act, 2013 the additional directors will hold office up to the date of the ensuing Annual General Meeting of the Company. Pursuant to Section 160 of the Companies Act, 2013 the Company has received notice in writing from the members signifying their intention to propose candidature of Mr. Arenaza as Director of the Company at the forthcoming Annual General Meeting.

None of the Directors are interested to each other related to any KMP of he Company the office of Director of the Company.

A brief resume of the Directors seeking appointment/re-appointment is given as under:

Table 3: Brief resume of the Directors seeking appointment / re-appointment

	Mr. Zhooben Dosabhoy Bhiwandiwala	**Mr. Antonio Maria Pradera Jauregui**	**Mr. Ander Arenaza Álvarez**
DIN	00110373	06704890	07591785
Age	56	61	48
Education	Mr. Zhooben Dosabhoy Bhiwandiwala received his commerce degree from H.R. College, Mumbai. He is a certified Chartered Accountant.	Mr. Antonio Maria Pradera Jauregui has a University Degree in Engineering.	Mr. Ander Arenaza Álvarez has a degree in Engineering and MBA in business administration.
Brief profile including Nature of expertise in specific functional areas;	Mr. Zhooben Dosabhoy Bhiwandiwala has worked for 31 years with the Mahindra group, acquiring cross-functional experience across several sectors and playing an active part in finance, legal, human resource, marketing, strategy and other commercial functions.	Mr. Antonio Maria Pradera Jauregui started his career in BBV, he has been Managing Director and afterwards Chairman of the CIE Automotive Group since 1995.	Mr. Ander Arenaza Álvarez has extensive experience in the automotive sector and has in the past held important responsibilities within the CIE Automotive Group across several key locations worldwide. Mr. Ander Arenaza Álvarez has been working with CIE Automotive Group for 10 years and managed the machining and aluminium divisions. Mr. Ander Arenaza Álvarez graduated as industrial engineering (at the Superior Engineering School of Bilbao) and is a MBA at the Deusto University (Bilbao). Mr. Arenaza has developed his professional career in the automotive sector, where he has performed different roles with an international footprint. He joined the CIE Automotive group 10 years ago and has managed the machining and aluminium divisions.
Names of other companies in which the non-executive/ executive director holds the directorship (excludes Directorships in Body Corporate)	1. Mahindra Intertrade Limited 2. Mahindra Retail Private Limited 3. Mahindra Marine Private Limited 4. Mahindra Logistics Limited	Nil	Bill Forge Private Limited

	5. Mumbai Mantra Media Limited 6. Mahindra Holdings Limited 7. Ekatra Hospitality Ventures Private Limited 8. Mahindra Defence Naval Systems Private Limited 9. Mahindra Defence Systems Limited 10. Mahindra Telephonics Integrated Systems Limited 11. Script Stories Media Private Limited 12. Cinestaan Entertainment Private Limited 13. Cinestaan Digital Private Limited 14. Mahindra Auto Steel Private Limited 15. Mahindra Tsubaki Conveyor Systems Private Limited 16. Brainbees Solutions Private Limited 17. The Indian And Eastern Engineer Company Private Limited 18. EPIC Television Networks Private Limited		
Names of the other membership of Committees of the non-executive/ executive director (includes membership of Audit Committee and Stakeholders Relationship Committee only)	1. Mahindra Retail Private Limited - Audit Committee-Member 2. Mahindra Auto Steel Private Limited - Audit Committee-Member 3. Mahindra Auto Steel Private Limited - CSR Committee - Chairman	Nil	Nil
Shareholding of executive/ non-executive directors in the Company	21,500 Equity Shares	Nil	Nil

F. Codes of Conduct

The Board of your Company has laid down two separate Code of Conduct ("Codes"), one for all the Board Members (including Independent Directors) and the other for Senior Management and Employees of the Company. These Codes have been posted on the Company's website http://www.mahindracie.com. All the Board Members and Senior Management Personnel have affirmed compliance with these Codes. A declaration signed by the Managing Director to this effect is enclosed at the end of this Report.

G. CEO/CFO Certification

As required under Regulation 17 (8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Managing Director and the Chief Financial Officer of the Company have certified to the Board regarding the Financial Statements for the year ended 31st December, 2016.

H. Performance evaluation of Board, its Committees and Directors

Pursuant to the provisions of the Companies Act, 2013 and Listing Regulations the Board has carried out an annual performance evaluation of its own performance, and that of its Committees as well as performance of all the Directors individually.

Feedback was sought by way of a structured questionnaire covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board process, strategy and planning, risk management, board accountability, contribution of committees and the evaluation was carried out based on responses received from the Directors.

The Performance Evaluation of Board, it's Committees and Directors has been discussed in detail in the Directors' Report.

I. Familiarisation programme for Independent Directors

The Company has adopted a structured programme for orientation of Independent Directors at the time of their joining so as to familiarise them with the Company its operations, business, industry and environment in which it functions and the regulatory environment applicable to it. The Company updates the Board Members on a continuing basis on any significant changes therein and provides them an insight to their expected roles and responsibilities so as to be in a position to take a well-informed and timely decisions and contribute significantly to the Company.

A new Director is welcomed to the Board of Directors of the Company by sharing various documents and information of the Company for his/her reference such as brief introduction to the Company and profile of Board of Directors of the Company, Details of various Committees of the Board, Latest Annual Reports, Code of Conduct for Directors, Code of Conduct for Senior Management and Employees, Code of Conduct for Independent Directors, Code of Conduct for Prevention of Insider Trading in shares of the Company etc.

Other Initiatives to update the Directors on a continuing basis:

All Directors are apprised of any changes in the codes or policies of the Company. The Board of Directors has access to the information within the Company which is necessary to enable it to perform their role and responsibilities diligently.

The Company through its Managing Director/ Executive Director/ Senior Managerial Personnel makes presentations regularly to the Board, Audit Committee, Nomination and Remuneration Committee or such other Committees, as may be required, covering, inter alia, business environmental scan, the business strategies, operations review, quarterly and annual results, budgets, review of internal audit report and action taken report, statutory compliances, risk management, operations of its Subsidiaries, joint venture company, etc. This enables the Directors to get a deeper insight into the operations of the Company and its Subsidiaries. Such presentations also provide an opportunity to the Independent Directors to interact with the Senior Management team of the Company and its Subsidiaries and help them to understand the Company's policies, its long term vision and strategy, business model, operations and such other areas as are relevant from time to time. Press Releases, disclosures to Stock Exchanges, news and articles related to the Company are circulated to provide updates from time to time.

Thus the Company ensures that there is an adequate mechanism to ensure that the Directors remain familiar with their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc., and continue to be updated on the state of the Company's affairs and the industry in which it operates.

The familiarisation programme for the Independent Directors has been hosted on the Company's website and can be viewed by visiting the following link:

http://www.mahindracie.com/investors/investor-relations/governance.html

J. Risk Management

Your Company has a well-defined risk management framework in place. Your Company has developed and implemented a Risk Management Policy which, inter alia, includes identification therein of elements of risk, including those which in the opinion of the Board may threaten the existence of the Company. Risk management process has been established across the Company and is designed to identify, assess and frame a response to threats that affect the achievement of its objectives. Further, it is embedded across all the Divisions and revolves around the goals and objectives of the organisation.

The Company has constituted divisional Risk Committees at each of the divisions to review the Risks and its mitigation plans for respective Divisions and an Apex Risk Committee to review Risks and its mitigation plan for the Company.

The Risk management Framework has been reviewed and approved by the Board of Directors of the Company. The Company has laid down procedures to inform members of board of directors about risk assessment and minimization procedures and the same is reviewed periodically by the Board and the Audit Committee.

III. COMMITTEES OF THE BOARD OF DIRECTORS

Your Company has constituted Board-level Committees to delegate particular matters relating to the affairs of the Company that require greater and more focused attention. These Committees prepare the ground-work for decision making and report to the Board.

All decisions pertaining to the constitution of Committees, appointment of members and fixing of terms of service for Committee members are taken by the Board of Directors. Details regarding the role and composition of these

Committees, including the number of meetings held during the financial year and the related attendance, are provided below:

A. Audit Committee:

i. Composition, name of members and chairperson

As on 31st December, 2016, the Audit Committee comprised five Non-Executive Independent Directors namely Mr. Daljit Mirchandani (Chairman), Mr. Jose Sabino Velasco Ibanez, Mr. Manoj Maheshwari, Mr. Dhananjay Mungale and Mr. Juan Maria Bilbao Ugarriza. The Chairman of the Audit Committee was present at the last Annual General Meeting to answer queries of shareholders.

All the Members of the Audit Committee have vast experience and knowledge and possess financial / accounting expertise / exposure. The composition of Committee meets with requirements of Section 177 of the Act and Regulation 18 (1) of Listing Regulations.

The Company Secretary is the Secretary to the Committee.

ii. Terms of reference

The terms of reference of this Committee are very wide and are in line with the regulatory requirements mandated by the Act and Part C of Schedule II of the Listing Regulations. Besides having access to all the required information from within the Company, the Committee can obtain external professional advice whenever required. The Committee acts as a link between the Statutory Auditors, the Internal Auditors and the Board of Directors of the Company. It is authorised to select and establish accounting policies, review reports of the Statutory and the Internal Auditors and meet them to discuss their findings, suggestions and other related matters and monitor and review the auditor's independence and performance, effectiveness of the audit process, oversight of the Company's financial reporting process and the disclosure of its financial information, review with the management the quarterly and annual financial statements before submission to the Board for approval, select and establish accounting policies, approve wherever necessary transactions of the Company with related parties including subsequent modifications thereof, including quarterly omnibus approvals subject to fulfillment of certain conditions, scrutinise inter-corporate loans and investments, valuation of undertakings or assets of the Company wherever it is necessary, review the risk assessment and minimisation procedures, evaluate internal financial controls and risk management systems, monitoring the end use of funds raised through public offers, rights issue, preferential issue, etc. The Committee is also empowered to recommend, the remuneration payable to the Statutory Auditors and to recommend a change in Auditors, if felt necessary.

Further, the Committee is also empowered to recommend to the Board the term of appointment and remuneration of the Cost Auditor, Internal Auditor and Chief Financial Officer (i.e., the Whole-time Finance Director or any other person heading the finance function or discharging that function), etc., review the functioning of the Whistle Blower Policy / Vigil Mechanism. The Committee also reviews Financial Statements and investments of unlisted subsidiary companies, Management Discussion & Analysis of financial condition and results of operations, material individual transactions with related parties not in normal course of business or which are not on an arm's length basis, if any and reviews all the information as prescribed in Part C of Schedule II of the Listing Regulations including the working of whistle blower mechanism. The Audit Committee has been granted powers as prescribed under Regulation 18 (2) Listing Regulations.

The Committee also reviews on quarterly basis the Report on compliance under Code of Conduct for Prevention of Insider Trading adopted by the Company pursuant to Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

iii. Meetings and attendance

The Committee held 8 (Eight) meetings during the financial year ended 31st December, 2016 on 19th January, 2016; 22nd February, 2016, 22nd April, 2016, 26th July, 2016, 12th September, 2016, 24th October, 2016, 11th November, 2016 and 12th December, 2016.The time gap between two meetings did not exceed one hundred and twenty days. The details are presented in Table 4.

Table 4: Attendance details of Audit Committee

Members	No. of Meetings Attended
Mr. Daljit Mirchandani (Chairman)	8
Mr. Jose Sabino Velasco Ibanez	6
Mr. Manoj Maheshwari	7
Mr. Dhananjay Mungale	6
Mr. Juan Maria Bilbao Ugarriza (member of the Committee w.e.f. 11th November, 2016)	2

The meetings of the Audit Committee are also attended by the Chairman, Executive Director, Managing Director, Chief Financial Officer, the Statutory Auditors, and the Internal Auditors.

B. Nomination and Remuneration Committee:

i. Composition, name of members and chairperson

As on 31st December, 2016, the Nomination and Remuneration Committee comprised of four members with half of them being Independent Directors, including its Chairman, namely Mr. Manoj Maheshwari (Chairman) and Mr. Daljit Mirchandani, Mr. Jesus Maria Herrera Barandiaran, Non-Executive Director and Mr. Hemant Luthra, Executive Director and Chairman of the Company.

The Company Secretary is the Secretary to the Committee.

ii. Terms of reference

The terms of reference of the Nomination and Remuneration Committee inter-alia includes, identification of persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, determining the criteria for determining qualifications, positive attributes and independence of a director, recommend to the Board appointment and removal of Directors & Key Managerial Personnels, carry out evaluation of every Director's performance and recommend to the Board a policy, relating to the remuneration of directors, key managerial personnel and other employees.

The scope of the Committee further includes review and recommend to the Board appointment and remuneration of the Managing Director, Executive Director(s) and Key Managerial Personnel of the Company.

The Committee also administers the Company's Employee Stock Option Schemes formulated from time to time including "Mahindra CIE Employees Stock Option Scheme 2007" and "Mahindra CIE Employees Stock Option Scheme 2015" and take appropriate decisions in terms of the concerned Scheme(s).

The terms of reference of this Committee are in line with the regulatory requirements mandated in the Act and Part D of Schedule II of the Listing Regulations.

iii. Meetings and attendance

The Committee held 6 (Six) meetings during the financial year ended 31st December, 2016 on 22nd February, 2016, 17th May, 2016, 26th July, 2016, 12th September, 2016, 24th October, 2016 and 12th December, 2016.

The details are presented in Table 5 below:-

Table 5: Attendance details of Nomination and Remuneration Committee

Members	No. of Meetings Attended
Mr. Manoj Maheshwari (Chairman)	6
Mr. Jesus Maria Herrera Barandiaran	1
Mr. Hemant Luthra	5
Mr. Daljit Mirchandani	6

The Chairman of the Committee, Mr. Manoj Maheshwari was present at the last Annual General Meeting of the Company.

iv. Performance evaluation of Directors and criteria for Independent Directors

The NRC carries out a separate exercise to evaluate the performance of individual Directors. Further, in accordance with Schedule IV to the Companies Act, 2013 and the Listing Regulations, performance evaluation of Independent Directors is done by the entire Board excluding the Director being evaluated.

Feedback is sought from each director except the director being evaluated by way of structured questionnaires covering various aspects such as knowledge, diligence, participation in meetings, leadership, independence of judgement etc. and performance evaluation is carried out based on the responses received from the Directors.

The manner in which the annual performance evaluation is done by the Board including the criteria for the same is discussed in detail in the Directors' Report.

C. Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee comprises of two directors headed by Mr. Dhananjay Mungale, Non-Executive Independent Director and Chairman of the Committee and Mr. Daljit Mirchandani, being Non-Executive Independent Director of the Company.

Mr. Krishnan Shankar, Company Secretary & Head–Legal is the Compliance Officer of the Company.

The Committee meets as and when required, to inter-alia deal with matters relating to transfers of shares, request for issue of duplicate share certificates and monitors redressal of the grievances of the security holders relating to transfers, non-receipt of balance-sheet etc. With a view to expediting the process of share transfers, necessary authorisation has been delegated to the Chairman of the Committee and the Company Secretary who are severally authorised to approve the transfers/ transmission of not more than 5000 ordinary equity shares per transfer provided that the transferee does not hold 100,000 or more equity shares in your Company.

The Committee is also authorised to approve request for transmission of shares and issue of duplicate share certificates. The role and terms of reference of the Committee covers the areas as contemplated under Regulation 20 read with Part D of Schedule II of the Listing Regulations and section 178 of the Act, as applicable, besides the other terms as referred by the Board of Directors.

During the year under review no meeting of the Committee was held however the Committee considered the matters relating the issue of duplicate share certificates through circular resolution. The details of shares transferred, transmitted etc. and report of Investors Complaints received and resolved was presented to the Board on quarterly basis.

During the year ended 31st December, 2016, 108 complaints were received from shareholders and all the 108 complaints have been resolved to the satisfaction of shareholders. As of date, there are no pending complaints pertaining to year under review.

As per section 178(7) of the Companies Act, 2013 and the Secretarial Standards, the Chairman of the Committee or, in his absence, any other Member of the Committee authorised by him in this behalf shall attend the General Meetings of the Company. The member of the Committee, Mr. Daljit Mirchandani was present at the last Annual General Meeting of the Company.

D. Corporate Social Responsibility Committee

As on 31st December, 2016 the Committee comprises of Mr. Daljit Mirchandani - Chairman, Mr. Dhananjay Mungale and Mr. Hemant Luthra.

The terms of reference of the CSR Committee inter-alia included to formulate and recommend to the Board the CSR Policy indicating the activities to be undertaken by the Company in compliance with the provisions of the Companies Act, 2013 and Rules made there under, allocate the amount of expenditure to be incurred on CSR activities as enumerated in Schedule VII to the Companies Act, 2013, and monitor the implementation of CSR Policy and projects of the Company periodically.

Three meetings of the Committee were held during the financial year under review on 22nd February, 2016, 22nd April, 2016 and 26th July, 2016. The attendance for the same was as under:

Table 6: Attendance details of Corporate Social Responsibility Committee

Members	No. of Meetings attended
Mr. Daljit Mirchandani (Chairman)	3
Mr. Hemant Luthra	3
Mr. Dhananjay Mungale	2

E. Allotment Committee

The Board of Directors have constituted 'Allotment Committee' for considering issue and allotment of shares pursuant to exercise of options granted under ESOP scheme of the Company. As on 31st December, 2016 Allotment Committee comprises of Mr. Daljit Mirchandani (Chairman), Mr. Dhananjay Mungale and Mr. K. Ramaswami, Managing Director.

During the year under review, no meeting of the Committee was held, however, the Committee considered matters relating the issue and allotment shares through circular resolution. Copy of the resolutions so passed along-with details of allotment was placed before the Board at its meeting held immediately after such allotment.

F. Preferential Allotment Committee

During the year the Board of Directors had constituted 'Preferential Allotment Committee' for considering issue and allotment of shares pursuant to the 'Preferential Issue'.

Allotment Committee comprised of Mr. Daljit Mirchandani (Chairman), Mr. Manoj Maheshwari, Mr. Hemant Luthra, Executive Chairman and Mr. K. Ramaswami, Managing Director.

During the year three meetings of the Committee were held on 13th October, 2016, 19th October, 2016, and 25th October, 2016.

Since the Preferential Issue was completed as on 31st December, 2016 the Committee stand dissolved.

IV. REMUNERATION OF DIRECTORS

A. Policy on remuneration

Your Company has a well-defined Compensation Policy for Remuneration of the Directors, Key Managerial Personnel and other Employees. The Policy was approved by the Board of your Company at its Meeting held on 11th May, 2015 based on the recommendations made by the Nomination and Remuneration Committee. This Policy is furnished in Annexure VI to the Board's Report.

i. Remuneration to Non-Executive including Independent Directors

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and Variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise and submit its recommendations to the Board.

At present the Non-Executive Independent Directors are paid sitting fees only and Non-Executive, Non-Independent Directors are not paid any remuneration.

ii. Remuneration to Executive Directors

The remuneration to Executive Chairman, Managing Director and Executive Director(s) is recommended by Nomination and Remuneration Committee to the Board. The remuneration consists of both fixed compensation and variable compensation and is paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and Shareholders. While the fixed compensation is determined at the time of their appointment, the variable compensation is determined annually by the NRC based on their performance.

iii. Remuneration to Key Managerial Personnel's (Excluding Managing Director and Executive Directors) (KMPs)

Pursuant to the provisions of section 203 of the Companies Act 2013, the Board approves the remuneration of KMP at the time of their appointment on recommendation of the Nomination and Remuneration Committee. Remuneration of KMPs consists of both fixed and variable compensation and is paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board on recommendation of the Nomination and Remuneration Committee. The terms of remuneration of Chief Financial Officer (CFO) shall also be approved by the Audit Committee.

The remuneration to Directors, KMPs and Senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

iv. Senior Management Personnel's and other Employees

We have a CTC (Cost to Company) concept which includes a fixed component (Guaranteed Pay) and a variable component (Performance Pay). The percentage of the variable component increases with increasing hierarchy levels, as we believe employees at higher positions have a far greater impact and influence on the overall business result. The CTC is reviewed once every year.

Remuneration for the new employees other than KMPs is decided by the HR of the respective divisions/plant as the case may be, in consultation with the concerned head of the Division, depending upon the relevant job experience, last compensation and the skill-set of the selected candidate.

B. **Remuneration / Compensation paid / payable to Directors**

Table 7: Details of remuneration paid/payable to the Directors including Managing Director and Executive Directors for the year ended 31st December, 2016

(₹ in Million)

Name of the Director	Sitting Fees (₹)*	Salary and Perquisites (₹)	Other benefits (₹)	Bonus / Performance Pay (₹)	Pensions	Total (₹)	Contract Period
Mr. Hemant Luthra	Nil	3.44	N.A.	10.20	N.A.	43.64	1st April, 2015 to 31st March, 2018
Mr. K. Ramaswami	Nil	12.25	N.A.	6.77	N.A.	19.02	4th October, 2014 to 3rd October, 2017
Mr. Pedro Jesus Echegaray Larrea (upto 12/09/16)	Nil	20.36	N.A.	N.A.	N.A.	20.36	-
Mr. Daljit Mirchandani	0.76	N.A.	N.A.	N.A.	N.A.	0.76	N.A.
Mr. Dhananjay Mungale	0.47	N.A.	N.A.	N.A.	N.A.	0.47	N.A.
Mr. Manoj Maheshwari	0.65	N.A.	N.A.	N.A.	N.A.	0.65	N.A.
Mrs. Neelam Deo	0.40	N.A.	N.A.	N.A.	N.A.	0.40	N.A.
Mr. Juan Maria Bilbao Ugarriza	0.45	N.A.	N.A.	N.A.	N.A.	0.45	N.A.
Mr. Jose Sabino Velasco Ibanez	0.50	N.A.	N.A.	N.A.	N.A.	0.50	N.A.
Mr. Suhail Nathani	0.20	N.A.	N.A.	N.A.	N.A.	0.20	N.A.

*Net of service tax paid on the sitting fees

Non-Executive, Non-Independent Directors are not paid any remuneration. Mr. Antonio Maria Pradera Jauregui, Mr. Jesus Maria Herrera Barandiaran, Mr. Zhooben Dosabhoy Bhiwandiwala and Mr. Shriprakash Shukla are the Non-Executive Directors of the Company and have not been paid any remuneration or sitting fees.

Non-Executive Independent Directors were paid sitting fees of ₹ 50,000/- for attending every meeting of the Board, ₹ 25,000/- for attending every meeting of the Audit Committee and ₹ 10,000/- for attending other Committee meetings of the Board.

None of the Non-Executive Directors had any pecuniary relationship or transactions vis-à-vis the Company.

The remuneration to the Managing Director and Executive Director is fixed by the Board of Directors of the Company on recommendation of the Nomination and Remuneration Committee of the Company and also approved by the shareholders of the Company.

Considering the time Mr. Ander Arenaza required to acclimatise himself with the business in India and get the required Government Authorisations during initial period of his appointment no remuneration shall be paid by the Company.

The Company did not advance loans to any of its Directors.

Notes:

a) Notice period applicable to the Managing Director and Executive Directors - three months.

b) No severance fees and no commission.

c) Performance Pay and Employee Stock Option are the only component of remuneration that is performance–linked. All other components are fixed.

C Table 8: The Stock Options granted to Directors, the period over which accrued and over which exercisable are as under

	ESOP-2007*							ESOP-2015
Name of the Director to whom Stock Options have been granted	**No. of Options granted in October, 2007@**	**No. of Options granted in February, 2008@@**	**No. of Options granted in August, 2008 @@@**	**No. of Options granted in April, 2011 @@@ @**	**No. of Options granted in January, 2012 @@@ @@**	**No. of options granted on 12th December, 2014 against the options held in Mahindra Composites Limited @@@@@@**	**No. of Options granted in February, 2016 $**	**No. of Ordinary (Equity) Shares held as on 31st December, 2016**
Mr. Hemant Luthra (Chairman & Executive Director)	NIL	200,000	NIL	NIL	NIL	5,220	4,16,700	3,48,273#
Mr. Zhooben Dosabhoy Bhiwandiwala (Director)	8,000	2,000	10,000	15,000	NIL	NIL	-	21,500#
Mr. Daljit Mirchandani** (Independent Director)	N.A.	N.A.	10,000	15,000	NIL	NIL	-	25,000#
Mr. K Ramaswami (Managing Director)	N.A.	N.A.	N.A.	N.A.	3,00,000	NIL	133,330	2,00,167#

* All the options granted to Directors under Employees' Stock Options Scheme-2007 have been exercised / lapsed and no options are outstanding.

@ These Options vested in four equal instalments in October 2008, October 2009, October, 2010 and October, 2011 respectively. These Options can be exercised within five years from the date of vesting of the Options at an Exercise Price ₹ 197/- per share.

@@ These Options vested in four equal instalments in February 2009, February 2010, February 2011 and February 2012 respectively. These Options can be exercised within five years from the date of vesting of the Options at an Exercise Price of ₹ 197/- per share, except for Mr. Hemant Luthra who was granted Options at an exercise price of ₹ 83/- per share.

@@@ These Options vested in four equal instalments in August 2009, August 2010, August 2011 and August 2012 respectively. These Options can be exercised within five years from the date of vesting of the Options at an Exercise Price ₹ 109/- per share.

@@@@ These Options vested in four equal instalments in April 2012, April 2013, April 2014 and April 2015 respectively. These Options can be exercised within five years from the date of vesting of the Options at an Exercise Price ₹ 57/- per share.

@@@@@ These Options vested in four equal instalments in January, 2013, January, 2014, January, 2015 and January, 2016 respectively. These Options can be exercised within five years from the date of vesting of the Options at an Exercise Price ₹ 44/- per share.

@@@@@@ These Options were granted in lieu of the Options held in Mahindra Composites Limited (MCL) which was amalgamated with the Company as per the Scheme of Amalgamation. These options were vested in three equal instalments on July, 2010, July, 2011 and July, 2012 respectively. These Options can be exercised within five years from the date of vesting of the Options at an Exercise Price ₹ 52.67/- per share.

These shares were allotted pursuant to exercise of Stock Options / pursuant to Integrated Scheme and Composites Scheme of Amalgamation.

** The Stock options were granted to Mr. Mirchandani before the Companies Act, 2013 and the Listing Regulations came into force. The Independent Directors are not entitled to any stock options w.e.f. 1st April, 2014.

$ These Options vested in three equal instalments in February, 2017, February, 2018 and February, 2019 respectively. These Options can be exercised within four years from the date of vesting of the Options at an Exercise Price ₹ 150/- per share.

V. GENERAL BODY MEETINGS

a. Tables below gives details of General Meetings and Special Resolutions passed.

Table 9: Annual General Meetings (AGM) / Extra-Ordinary General Meetings (EGM) held during the past three years and Special Resolutions passed therein.

Year	Date and Venue	Time	Special Resolution(s) passed
AGM-2014	29th September, 2014, Ravindra Natya Mandir, Sayani Road, Prabhadevi, Mumbai-400025	3.30 p.m.	1. Approval of borrowing limits, under Section 180 (1) (c) of the Companies Act, 2013, not exceeding ₹ 500 crore over and above the aggregate of paid-up capital and free reserves. 2. Approval to mortgage / charge / hypothecate/ encumber any of Company's movable and / or immovable properties, in favour of any Bank(s) or Financial Institutions or Body(ies) Corporate or Person(s), under Section 180 (1)(a) of the Companies Act, 2013, for an amount not exceeding ₹ 500 crore over and above the aggregate of paid-up capital and free reserves.
AGM-2015	15th September, 2015 Rama & Sundri Watumull Auditorium, Kishinchand Chellaram College, 124, Dinshaw Wachha Road, Churchgate, Mumbai-400 020	11.00 a.m.	1. Approval of the "Mahindra CIE Automotive Limited Employees Stock Option Scheme 2015". 2. Approval to extend the benefits of the "Mahindra CIE Automotive Limited Employees Stock Option Scheme 2015" to employee's of holding and Subsidiary Companies
AGM-2016	17th May, 2016 Ravindra Natya Mandir, Sayani Road, Prabhadevi, Mumbai-400 025	3.30 p.m.	1. Nil
EGM-2016	13th October, 2016 Rama & Sundri Watumull Auditorium, Kishinchand Chellaram College, 124, Dinshaw Wachha Road, Churchgate, Mumbai-400 020	3.00 p.m.	1. Re-classification of Authorized Share Capital 2. Alteration of Articles of Association of the Company 3. Approval of further issue of equity shares by way of preferential allotment to the promoter of the Company and the shareholders of Bill Forge Private Limited. 4. Approval of further issue of securities under Section 42 and Section 62(1)(c) of the Companies Act, 2013, SEBI (ICDR) Regulations, 2009 and other applicable law for the proposed issue of securities. 5. Appointment of Mr. Ander Arenaza Álvarez as Executive Director of the Company. 6. Increase in overall limits of managerial remuneration. 7. Payment of minimum remuneration to Mr. Hemant Luthra. 8. Payment of minimum remuneration to Mr. K Ramaswami.

b. Postal Ballot

During the year under review one resolution was passed by postal ballot details of which are given in Table below.

Date of Postal Ballot Notice: 12th September, 2016

Voting Period: 18th September, 2016 to 17th October, 2016

Date of declaration of result: 18th October, 2016

Date of approval: 18th October, 2016

Particulars of the resolution	Type of Resolution	No. of votes polled	Votes cast in favour	% of votes in favour	Votes cast against	% of votes against
Increase in the existing investment limits of the Company from ₹ 25,000 Million to not exceeding ₹ 50,000 Million.	Special	266,239,935	266,114,794	99.95	125,141	0.05

c. Procedure for Postal Ballot

In compliance with Section 108 and 110 and other applicable provisions of the Companies Act, 2013, read with the related Rules, the Company provided electronic voting (e-voting) facility to all its members. The members had the option to vote either by physical ballot or through remote e-voting.

The Company dispatches the postal ballot notices and forms along with the postage pre-paid business reply envelopes to its members whose names appear on the register of members/ list of beneficiaries as on a cut-off date. The postal ballot notice was sent to members in electronic form to the email addresses registered with their depository participants (in case of electronic shareholding) or with the Company's registrar and share transfer agents (in case of physical shareholding) and through courier / speed / registered post to the member whose email ids/ were not so registered. The Company also published a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Act and applicable Rules.

Voting rights were reckoned on the paid-up value of shares registered on the names of the members as on the cut-off date. Members desiring to exercise their votes by physical postal ballot forms were requested to return the forms, duly completed and signed, to the scrutinizer on or before the close of the voting period. Members desiring to exercise their votes by electronic mode were requested to vote before close of business hours on the last date of remote e-voting.

The Scrutinizer submitted his report to the Chairman, after the completion of scrutiny, and the consolidated result of the remote e-voting and voting by postal ballot was then announced by the Chairman / Authorized Officer. The result was also displayed on the Company's website http://www.mahindracie.com, besides being communicated to the stock exchanges, depository and registrar and share transfer agent.

Mr. Sachin Bhagwat, Practicing Company Secretary was appointed as the scrutinizer for carrying out the postal ballot process in a fair and transparent manner.

d. Resolution proposed to be passed through Postal Ballot

None of the businesses proposed to be transacted in the ensuing Annual General Meeting requires the passing of a Resolution by way of Postal Ballot.

VI. DISCLOSURES

a. Policy for determining 'material' subsidiaries

Your Company has formulated a Policy for Determining 'Material' Subsidiaries as defined in Regulation 16 of the Listing Regulations. This Policy has also been posted on the website of the Company and can be accessed through web link: http://www.mahindracie.com.

b. Policy on Materiality of and Dealing with Related Party Transactions

Your Company has formulated a Policy on Materiality of and Dealing with Related Party Transactions which specify the manner of entering into related party transactions. This Policy has also been posted on the website of the Company and can be accessed through web link: http://www.mahindracie.com

All related party transactions that were entered into during the Financial Year were on an arm's length basis and were in the ordinary course of business. During the Financial Year ended 31st December, 2016, there were no materially significant related party transactions (exceeding 10% of the annual consolidated turnover of the company) by the Company with Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. However, the Company has obtained approval of shareholders by way of Special Resolution passed through Postal Ballot on 27th March, 2015 for the Transactions to be entered into with Mahindra and Mahindra Limited, being a related party and Promoter Group Company of the Company, upto ₹ 12,000,000,000 (Twelve Billion) being the maximum value of Transactions per annum with effect from 1st April, 2014 and every year thereafter. Details of related party transactions are presented in Note number 32 to the Financial Statement for the year ended 31st December, 2016.

All the related party Transactions were approved by the Audit Committee from time to time. The Audit Committee has also granted omnibus approval to related party transactions of repetitive nature. A statement of all the Related Party Transaction entered into by the Company pursuant to the omnibus approval granted placed before the meeting of Audit Committee for its review on quarterly basis.

d. Whistle Blower Policy

The Vigil Mechanism as envisaged in the Companies Act, 2013 and the Rules prescribed thereunder and the Listing Regulations is implemented through the Whistle Blower Policy which also, provide for adequate safeguards against victimization of persons who use such mechanism and make provision for direct access to the Chairperson of the Audit Committee.

As per the Whistle Blower Policy implemented by the Company, the Directors, Employees and other stakeholders are free to report illegal or unethical behavior, actual or suspected fraud or violation of the Company's Codes of Conduct or Corporate Governance Policies or any improper activity to the Chairman of the Audit Committee of the Company. The Whistle Blower Policy provides for protected disclosure and protection to the Whistle Blower. Under the Whistle Blower Policy, the confidentiality of those reporting violation(s) is protected and they are not subject to any discriminatory practices. The Whistle Blower Policy has been appropriately communicated within the Company and has also been hosted on the website of the Company: http://www.mahindracie.com

No personnel has been denied access to the Audit Committee. All employees, directors, vendors, suppliers or other stakeholders associated with the Company can make the Protected Disclosure to the Chairman of the Audit Committee.

The Chairperson of the Audit Committee can be reached by sending an email to daljitm@daljitindia.in or by sending a letter to the below address:

Chairperson of the Audit Committee of

Mahindra CIE Automotive Limited
101 Sindh Housing Society
Aundh, Pune 411 007
Res: +91 2025851320

e. Disclosure of Accounting Treatment in preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with Ind AS.

f. Code for Prevention of Insider-Trading practices

The Company has instituted a comprehensive Code of Conduct for Prevention of Insider Trading in compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ("the Regulations") which came into force from 15th May, 2015. The Company has formulated and adopted the 'Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information' and 'Code of Conduct for Prevention of Insider Trading in Securities of Mahindra CIE Automotive Limited' ("MCIE Code of Conduct") for its designated employees, in compliance with Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. These Codes were also made effective from 15th May, 2015. The Code lays down Guidelines, which advise them on procedures to be followed and disclosures to be made, while dealing with shares of the Company and cautions them of the consequences of violations.

g. Details of non-compliance etc.

During the last three years there were no instances of non-compliance and no penalty or strictures were imposed on the Company by Stock Exchanges or SEBI or any other statutory authority, on any matter related to capital markets.

h. Compliance

i. Mandatory requirements

The Company is fully compliant with the applicable mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as were applicable during the year under review.

The Company has also complied with the requirements of Corporate Governance Report of Paras (2) to (10) mentioned in Part 'C' of Schedule V of the Listing Regulations and disclosed necessary information as specified in Regulation 17 to 27 and Regulation 46(2) (b) to (i) in the respective places in this Report.

ii. Adoption of non-mandatory requirements

During the year under review, there is no audit qualification in your Company's standalone financial statements. Your Company continues to adopt best practices to ensure a regime of unmodified audit opinion.

i. Ethics/Governance Policies

The Company adheres to ethical standards to ensure integrity, transparency, independence and accountability in dealing with all stakeholders. Therefore, the Company has adopted various codes and policies to carry out the duties in an ethical manner. Apart from the policies/codes specified in the report elsewhere the Company has also adopted following:

i) Familiarisation Program for Independent Directors

ii) Policy on appointment of directors and senior management and succession planning for orderly succession to the board and the senior management

iii) Whistle Blower Policy (Vigil Mechanism)

iv) Policy for determining Material Subsidiaries

v) Policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions.

vi) Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information

vii) Archival Policy

viii) Policy on criteria for determining materiality of events

ix) Corporate Social Responsibility Policy

The disclosure in respect of above is hosted on the website of the Company and can be accessed at http://www.mahindracie.com/investors/investor-relations/governance.html.

j. Shares held by the Non-Executive Directors

As on 31st December, 2016, Mr. Daljit Mirchandani held 25,000 equity shares; Mr. Zhooben Dosabhoy Bhiwandiwala held 21,500 equity shares. The Company has granted employees stock options to its Directors details of which is provided in Table 8 of this report. Apart from this, no other Non-Executive Director held any shares or convertible instruments of the Company as on 31st December, 2016.

k. Subsidiary Companies

Regulation 16 of the Listing Regulations defines a "material subsidiary" as subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

The Company did not have any "material non-listed Indian subsidiary" during the year under review. The foreign subsidiaries of the Company function independently, with an adequately empowered supervisory Board of Directors and sufficient resources. However, for more effective governance, the Minutes of Board Meeting of subsidiaries of the Company are placed before the Board of Directors of the Company at its meeting for its review. Further during the year the Company has not disposed off shares in any of its Subsidiaries which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or ceased to exercise of control over any of its Subsidiary.

VII. MEANS OF COMMUNICATION

Your Company, from time to time and as may be required, communicates with its security-holders and investors through multiple channels of communications such as dissemination of information on the website of the Stock Exchanges, Press Releases, the Annual Reports and uploading relevant information on its website.

The quarterly, half yearly and yearly results are published in Business Standard and Sakal which are national and local dailies respectively. These are not sent individually to the shareholders.

The unaudited quarterly results are announced within forty-five days of the close of each quarter, other than the last quarter. The audited annual results are announced within sixty days from the end of the financial year as required under the Listing Regulations. The aforesaid financial results are announced to the Stock Exchanges within the statutory time period from the conclusion of the Board Meeting(s) at which these were considered and approved.

Your Company discloses to the Stock Exchanges, all information required to be disclosed under Regulation 30 read with Part ‘A’ and Part ‘B’ of Schedule III of the Listing Regulations including material information having a bearing on the performance/ operations of the Company and other price sensitive information. All information is filed electronically on BSE’s online portal – BSE Corporate Compliance & Listing Centre (Listing Centre) and on NSE Electronic Application Processing System (NEAPS), the online portal of National Stock Exchange of India Limited.

Presentations are also made to international and national institutional investors and analysts. These presentations and other disclosures which are required to be disseminated under the Listing Regulations are submitted to stock exchanges besides being hosted on the Company’s website and as per the Archival Policy of the Company would be hosted on the website for a minimum period of five years from the date of respective disclosures.

VIII MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis forms part of the Directors Report and is part of the Annual Report.

Confirmation of compliance with Corporate Governance requirements specified in Regulation 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46

Particulars	Regulation Number	Compliance Status (Yes/No/NA)
Independent Director(s) have been appointed in terms of specified criteria of ‘independence’ and/or ‘eligibility’	16(1)(b) & 25(6)	Yes
Board composition	17(1)	Yes
Meeting of Board of Directors	17(2)	Yes
Review of Compliance Reports	17(3)	Yes
Plans for orderly succession for appointments	17(4)	Yes
Code of Conduct	17(5)	Yes
Fees/compensation	17(6)	Yes
Minimum Information	17(7)	Yes
Compliance Certificate	17(8)	Yes
Risk Assessment & Management	17(9)	Yes
Performance Evaluation of Independent Directors	17(10)	Yes
Composition of Audit Committee	18(1)	Yes
Meeting of Audit Committee	18(2)	Yes
Composition of Nomination & remuneration committee	19(1)&(2)	Yes
Composition of Stakeholder Relationship Committee	20(1)&(2)	Yes
Composition and role of Risk Management Committee	21(1),(2),(3),(4)	N.A.
Vigil Mechanism	22	Yes
Policy for Related Party Transaction	23(1),(5),(6),(7) & (8)	Yes
Prior or Omnibus approval of Audit Committee for all related party transactions	23(2),(3)	Yes
Approval for material related party transactions	23(4)	Yes
Composition of Board of Directors of unlisted material Subsidiary	24(1)	N.A.
Other Corporate Governance requirements with respect to subsidiary of listed entity	24(2),(3),(4),(5) & (6)	Yes
Maximum Directorship & Tenure	25(1) & (2)	Yes
Meeting of Independent Directors	23(3) & (4)	Yes
Familiarization of Independent Directors	25(7)	Yes
Memberships in Committees	26(1)	Yes
Affirmation with compliance to code of conduct from members of Board of Directors and Senior Management Personnel	26(3)	Yes
Disclosure of Shareholding by Non-Executive Directors	26(4)	Yes
Policy with respect to Obligations of Directors and Senior Management	26(2) & 26(5)	Yes
Disclosures on website of the Company	46(2)	Yes

IX. SHAREHOLDER INFORMATION

a) 18th Annual General Meeting

Date : 27th day, of April, 2017

Time : 11.00 a.m.

Venue: Rama & Sundri Watumull Auditorium, Kishinchand Chellaram College, 124 Dinshaw Wacha Road, Churchgate, Mumbai-400020

b) Financial Year

The Hon'ble Company Law Board, New Delhi Bench, vide its order dated October 15, 2015, allowed the Petition filed by the Company, pursuant to Section 2(41) of the Companies Act, 2013, for change in the Financial Year of the Company from 1st April to 31st March (Both days inclusive) to 1st January to 31st December (Both days inclusive) every year.

Accordingly the Financial Year of the Company has ended on 31st December, 2016 covering a period of twelve months starting from 1st January 2016 to 31st December, 2016.

For the financial year ending 31st December, 2017, results will be tentatively announced by

- End April, 2017: First quarter
- End July, 2017: Half yearly
- End October, 2017: Third quarter
- End February, 2018: Fourth quarter and annual

c) Book Closure

The dates of book closure will be from 21st April, 2017 to 27th April, 2017 inclusive of both days.

d) Dividend Payment

The Board of Directors of the Company has not recommended dividend for the Financial Year ended 31st December, 2016.

e) Listing of Ordinary (Equity) Shares, Debentures on Stock Exchanges and Stock Code

At present, the equity shares of your Company are listed on

1. Name of Stock Exchange : **BSE Limited (BSE) -**

   Address - Phiroze Jeejeebhoy Towers, Dalal Street, Kala Ghoda, Mumbai - 400001, India

2. Name of Stock Exchange : **National Stock Exchange of India Limited (NSE) -**
   Address - Exchange Plaza, Plot No. C/1, G Block Bandra Kurla Complex, Bandra (East), Mumbai - 400051

The Company has duly executed the Uniform Listing Agreement with the Stock Exchange(s) i.e. BSE & NSE as specified under Listing Regulations.

The requisite listing fees have been paid in full to BSE and NSE.

The securities of the Company have never been suspended from trading on any of the Stock Exchanges.

3. Corporate Identification Number

L27100MH1999PLC121285

f) Registered Office Address:

Mahindra CIE Automotive Limited
1st Floor, Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018, Maharashtra

g) Stock codes

Particulars	Stock Code
BSE Limited	532756
National Stock Exchange of India Limited	MAHINDCIE
Demat International Security Identification Number (ISIN) in NSDL & CDSL for Equity Shares	INE536H01010

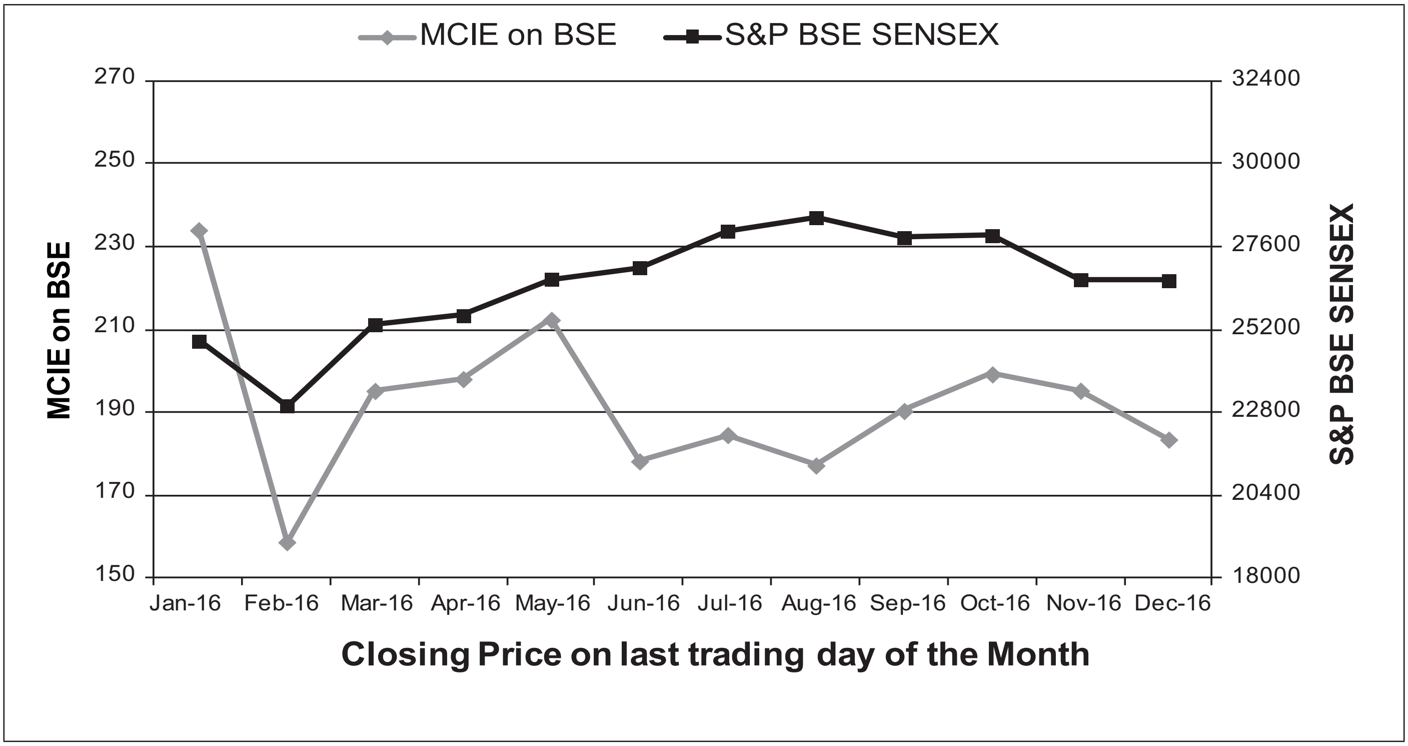
h) Stock Price Data

Table 10: High and low price of Company's shares for the period January 2016–December 2016 at BSE & NSE

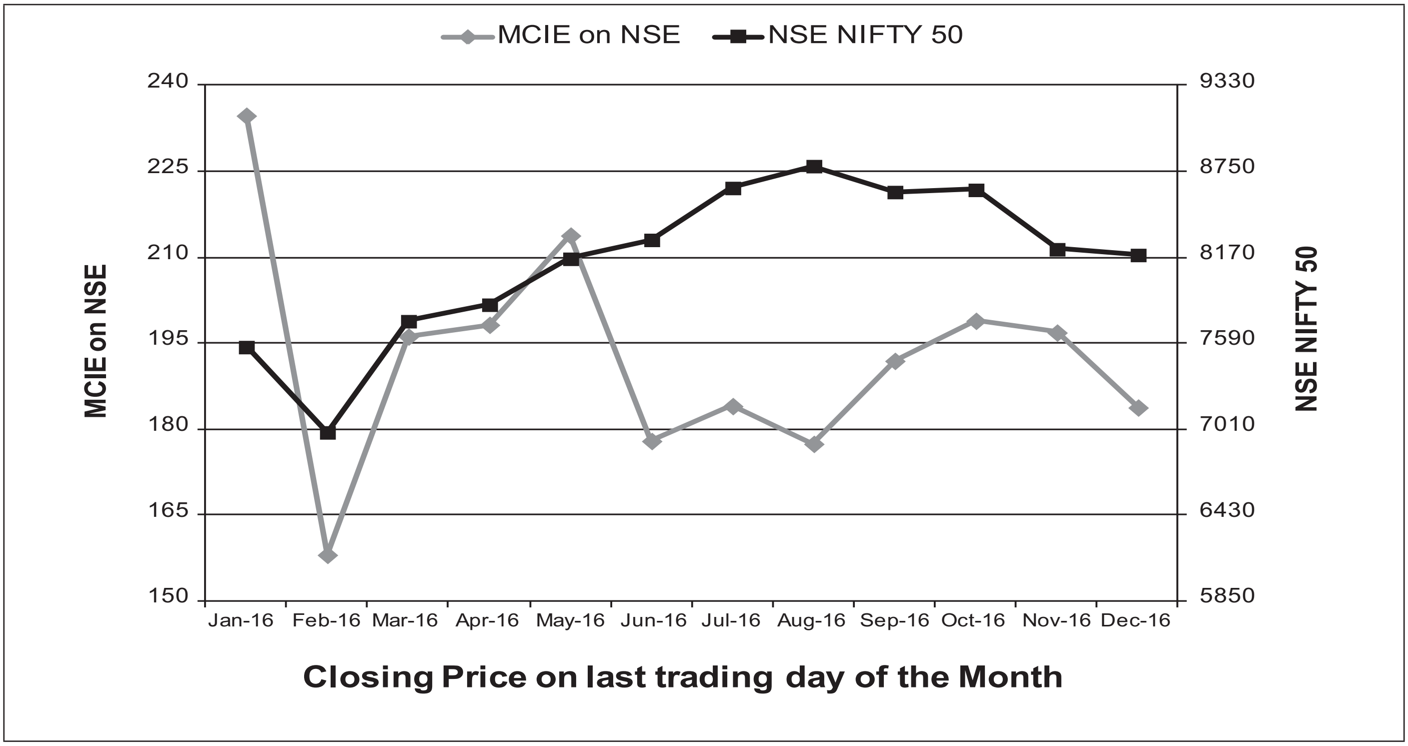
	BSE Limited (BSE)		National Stock Exchange of India Limited (NSE)	
	High (₹)	Low (₹)	High (₹)	Low (₹)
January, 2016	256.00	202.50	256.65	202.20
February, 2016	240.00	157.00	239.80	156.80
March, 2016	208.35	156.90	209.85	156.30
April, 2016	217.00	186.20	219.40	185.80
May, 2016	220.85	182.65	221.50	183.00
June, 2016	213.50	168.40	213.40	168.35
July, 2016	190.15	172.05	189.00	172.65
August, 2016	188.90	169.95	188.00	170.50
September, 2016	204.00	170.20	203.90	172.00
October, 2016	208.00	185.50	207.45	185.15
November, 2016	199.90	176.45	200.0	176.00
December, 2016	197.95	174.45	198.05	174.50

i) **STOCK PERFORMANCE**

The performance of the Company's shares relative to the S&P BSE sensitive index is given in the chart below:



The Performance of the Company's shares relative to the NSE Sensitive Index (S&P Nifty Index) is given in the chart below:



j) **Registrar and Transfer Agents:**

Karvy Computershare Private Limited.
Unit: Mahindra CIE Automotive Limited
"Karvy Selenium" Tower B, Plot No. 31 & 32,
Financial District, Gachibowli,
Hyderabad-500 032.
Tel. No. + 91 – 40 – 6716 2222
Fax No. + 91 – 40 – 2300 1153
E-mail: support@karvy.com / einward.ris@karvy.com

k) **Share Transfer System**

Trading in equity shares of the Company is permitted only in dematerialised form.

Shares sent for transfer in physical form are registered and returned within a period of fifteen days from the date of receipt of the documents, provided the documents are valid and complete in all respects. With a view to expediting the process of share transfers, the Chairman of the Stakeholders' Relationship Committee and the Company Secretary are severally authorised to approve of transfers of shares of not more than 5,000 equity shares per transfer provided that the transferor does not hold 1,00,000 equity shares in the share capital of your Company. The Stakeholders' Relationship Committee meets as and when required to consider the other transfer proposals, requests for duplicate share certificate and attend to shareholder grievance. Moreover the Committee can also approve the transfer of shares through circular resolutions.

l) **Distribution of Shareholding**

Table 11: Distribution of shareholding as on 31st December, 2016

Number of shares held	Number of shareholders	% of shareholders	Total shares	% of shareholding
1 to 5000	48,172	84.68%	5,360,725	1.41%
5001 to 10000	4530	7.96%	33,210,700	0.87%
10001 to 20000	2058	3.61%	2,952,052	0.78%
20001 to 30000	724	1.27%	1,864,565	0.49%
30001 to 40000	251	0.44%	886,970	0.23%
40001 to 50000	222	0.39%	1,020,883	0.27%
50001 to 100000	418	0.73%	2,986,336	0.78%
100001 & above	506	0.88%	359,695,664	95.13%
Total	**56,881**	**100%**	**378,088,265**	**100%**

m) **Shareholding pattern**

Table 12: Shareholding pattern as on 31st December, 2016

Category of Shareholders	Number of Equity Shares held	Percentage (%)
Promoter & Promoter group	264,323,012	69.91
Mutual Fund/UTI	20,099,589	5.32
Financial Institutions/Banks	4,706,196	1.24
Insurance Companies	0	0.00
Foreign Institutional Investors / Foreign Portfolio Investors	19,271,176	5.10
Bodies Corporate	18,192,025	4.81
Resident individuals	49,130,908	12.99
NRIs	1,419,569	0.38
Clearing Members	28,423	0.01
Foreign companies	2840	0.00
Trusts	6,376	0.00
Foreign National	291,611	0.08
Venture Capital Fund	1440	0.00
Alternate Investment Funds	5,97,061	0.16
NBFC Registered with RBI	18,039	0.00
Total	**378,088,265**	**100**

n) **Dematerialisation of Shares**

As on 31st December, 2016, 99.42% of the paid-up Equity Capital was held in dematerialised form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Trading in the Equity Shares of the Company is permitted only in dematerialised form. Non-Promoters' holding as on 31st December, 2016 is 30.09%

o) Outstanding GDRs / ADRs / Warrants or any Convertible Instruments on Conversion date and which has likely impact on equity.

The Company has no outstanding GDR / ADR / Warrants or any Convertible Instruments.

p) Commodity price risks and commodity hedging activities

Not applicable

q) Foreign exchange risk and hedging activities

The Company is a net forex earner and cover is taken based on budgeted rates and management judgement

r) Plant Locations

Forgings Division: Gat No. 856 to 860, Chakan Ambethan Road, Tal. Khed, Dist. Pune-410 501, Maharashtra.

Stamping Division:

1) 371, Takwe Road, At & Post Kanhe, Taluka – Maval, Dist – Pune-412106.
2) Maharajpur Road, Village Lalpur, Tehsil – Kichha, Rudrapur, Dist – Udham Singh Nagar, Pin–263 143.
3) D-2 MIDC, Ambad, Nashik, Pin-422 010.
4) Plot No-2, Sector–11, TATA Vendor Park, IIE SIDCUL, Pantnagar, Rudrapur, Pin-263 153.
5) 35/A, Village Buchinelly, Mahindra Vendor Park, APIIC Industrial Area, Mandal, Zaheerabad, Dist – Medak (Telengana), Pin–502 228.

Composites Division:

1) 145, Nehru Nagar Road, Off Mumbai-Pune Road, Pimpri, Pune 411018.
2) 178/B, Mumbai-Goa Highway NH17, Village Sale, Taluka Mangaon, Dist-Raigad, Pin-402 112.

Castings Division: Gat No. 318, Gaon Urse, Tal. Maval, Pune-410 506

Magnetic Products

Division: 'G' Block, Bhosari Industrial Estate, Bhosari, Pune – 411026

s) Address for correspondence:

Shareholders may correspond with the Registrar and Transfer Agents at:

Karvy Computershare Private Limited.
Unit: Mahindra CIE Automotive Limited
"Karvy Selenium" Tower B, Plot No. 31 & 32,
Financial District, Gachibowli,
Hyderabad-500 032.
Tel. No. + 91 - 40 – 6716 2222
Fax No. + 91 – 40 - 2300 1153
E-mail: support@karvy.com / einward.ris@karvy.com

On all matters relating to transfer/dematerialisation of shares and any other query relating to shares of the Company.

The Company has also designated mcie.investors@mahindracie.com as an exclusive email ID for shareholders for the purpose of registering complaints and the same has been hosted on the Company's website. The Company is registered in SEBI Complaints Redressal System (SCORES). The investors can send their complaints through SCORES also. For this the investors has to visit https://www.scores.gov.in.

Security holders would have to correspond with the respective Depository Participants for Shares held in demateralised form for transfer/transmission of shares, change of Address, change in Bank details, etc.

For all investor related matters, Mr. Krishnan Shankar, Company Secretary & Head–Legal can be contacted at: Gat No. 856 to 860, Chakan-Ambethan Road, Taluka: Khed, District : Pune–410501.Tel No. +91-2135-663307 Fax No. +91–2135-663407 e-mail: shankar.krishnan@mahindracie.com

The Company can also be visited at its website: http://www.mahindracie.com

t) Disclosures with respect to demat suspense account/ unclaimed suspense account

The Company does not have any shares in the demat suspense account/unclaimed suspense account.

Mumbai, 23rd February, 2017

DECLARATION BY THE MANAGING DIRECTOR UNDER REGUALATION 34 (3) READ WITH PARA (D) OF SCHEDULE V OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To,

The Members of Mahindra CIE Automotive Limited

I, K. Ramaswami, Managing Director of Mahindra CIE Automotive Limited declare that all the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Codes of Conduct for the period from 1st January, 2016 to 31st December, 2016.

K. Ramaswami
Managing Director

23rd February, 2017

CERTIFICATE

To

The Members of Mahindra CIE Automotive Limited

We have examined the compliance of conditions of corporate governance by Mahindra CIE Automotive Limited ("the Company") for the period from 1st January, 2016 to 31st December, 2016 as stipulated in Regulation 17-27 and 46 (2) (b) to (i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as the "Corporate Governance Requirements")

The compliance of the Corporate Governance Requirements is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of Corporate Governance Requirements. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above referred Corporate Governance Requirements.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For B. K. Khare & Co.
Chartered Accountants
Firms' Registration Number 105102W

Padmini Khare Kaicker
Partner
Membership Number 044784

Mumbai, 23rd February, 2017

BUSINESS RESPONSIBILITY REPORT

[Pursuant to Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	**Corporate Identity Number (CIN) of the Company**	:	L27100MH1999PLC121285
2.	**Name of the Company**	:	Mahindra CIE Automotive Limited
3.	**Registered address**	:	Mahindra Towers, P.K. Kurne Chowk, Worli, Mumbai – 400018
4.	**Website**	:	www.mahindracie.com
5.	**E-mail id**	:	mcie.investors@mahindracie.com
6.	**Financial Year reported**	:	1st January, 2016 to 31st December, 2016

7. Sector(s) that the Company is engaged in (industrial activity code-wise)

The Company is an auto components supplier with presence in many technologies viz. forgings, castings, stampings, magnetic products and composites. The NIC code in respect of each of these is as follows:

Sr. No.	Activity		NIC Code
1	Forgings	:	25910 & 25920
2	Casting/Foundry	:	24319
3	Stampings	:	25910
4	Magnetic	:	2393 & 23939
5	Composites	:	22207

8. List three key products/services that the Company manufactures/provides (as in balance sheet)

a) Crankshafts,

b) Sheet Metal Stampings,

c) Turbocharger Housings

9. Total number of locations where business activity is undertaken by the Company -

(a)	Number of International Locations (Provide details of major 5)	:	Nil However the subsidiaries of the Company have overseas manufacturing facilities in Germany, Spain, Lithuania, Italy and the United Kingdom in Europe
(b)	Number of National Locations	:	10 (Ten) The Company has its primary presence in the state of Maharashtra with its registered office located at Mumbai and factories at Pune, Mangaon, Nashik, Rudrapur, Pantnagar and Zaheerabad.

10.	**Markets served by the Company - Local/ State/ National/ Inter national**	:	All

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid-up Capital (₹)	:	₹ 3,780.9 Million
2.	Total Turnover (₹)	:	₹ 18085.5 Million
3.	Total profit after taxes (₹)	:	₹ 514.5 Milllion
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	:	₹ 3.37 Million 0.66%
5.	List of activities in which expenditure in 4 above has been incurred:-	:	a) Skill development and Education b) Promotion of Health Care c) Rural Development Projects d) Environment e) Community development

SECTION C: OTHER DETAILS

1. **Does the Company have any Subsidiary Company/ Companies?**

   Yes, The Company has 4 subsidiaries in India and 17 direct and indirect overseas subsidiaries as on 31st December, 2016.

2. **Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)**

   Yes, Mahindra Gears and Transmissions Private Limited participate in the Business responsibility initiatives of the Company. Hereinafter, this report includes the BR performance of Mahindra Gears and Transmissions Private Limited.

3. **Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]**

   The Company's respective purchasing and sustainability teams conducts sustainability awareness programs for its suppliers. Key suppliers shortlisted on the basis of turnover and the criticality of processes in respect of EHS issues are audited on various aspects of sustainability.

   The supplier code of conduct (Suppliers Corporate Social Responsibility Commitment) has been communicated to all the suppliers requesting them to further cascade the communication to their suppliers. During the audit they were made aware about the Suppliers Corporate Social Responsibility Commitment.

   During the year Annual supplier meet was conducted in which about 40 suppliers participated. It was focused on waste elimination and process optimizations at supplier end. Focus was also given on areas of Safety, Sustainability and CSR.

   Green supply chain management (GSCM) policy of the Company has also been communicated to the suppliers. The suppliers have participated in company's GSCM initiative through training, annual meets, site audits and as on date of this report about 40% of suppliers have participated in the BR initiatives at different levels.

   The Company is implementing GSCM processes across all its locations (including Gears) in a phased manner and is making continuous progress in this area. The major suppliers have been trained on the GSCM practices which includes sharing of case studies on resource productivity etc. At some locations suppliers are involved for tree plantation under CSR Program. We have also supported the suppliers for obtaining the QEHS management systems certifications.

SECTION D: BR INFORMATION

1. **Details of Director/Directors responsible for BR**

   a) **Details of the Director/Director responsible for implementation of the BR policy/policies**

DIN Number	00231420
Name	Mr. Hemant Luthra
Designation	Chairman and Executive Director

   b) **Details of the BR head**

DIN Number (if applicable)	N.A.
Name	Mr. Romesh Kaul
Designation	CEO-Stampings and Composites Division
Telephone number	022-24905840
e-mail id	kaul.romesh@mahindracie.com

2. **Principle-wise (as per NVGs) BR Policy/policies**

a) Details of compliance (Reply in Y/N)

		P1	P2	P3	P4	P5	P6	P7	P8	P9
Sr. No.	**Questions**	**Ethics and Transparency**	**Product Responsibility**	**Wellbeing of employees**	**Responsiveness to Stakeholders**	**Respect Human Rights**	**Environmental Responsibility**	**Publicpolicy advocacy**	**Inclusive growth and equitable development**	**Engage customers and consumers in a responsible manner**
1	Do you have a policy/ policies for....	Y	Y	Y	Y	Y	Y	N Note 1	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y Note 2	Y Note 2	Y Note 2	Y Note 2	Y Note 2	Y Note 2	NA	Y Note 2	Y Note 2
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y Note 3	Y Note 3	Y Note 3	Y Note 3	Y Note 3	Y Note 3	NA !	Y Note 3	Y Note 3
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y Note 4	N Note 4	Y Note 4	Y Note 4	Y Note 4	N Note 4	NA	N Note 4	Y Note 4
5	@ Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	NA	Y	Y
6	Indicate the link for the policy to be viewed online?	Y	N Note 5	Y	Y	Y	N Note 5	NA	N Note 5	N Note 5
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
8	Does the company have in-house structure to implement the policy/ policies.	Y	Y	Y	Y	Y	Y	NA	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	NA	Y	Y
10	# Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	NA	Y	Y

! This question is not applicable for influencing public and regulatory policy.

@ The Company has a established internal governance structure to ensure implementation of various policies. The Company review the implementation of polices through our internal audit, risk management process, in-line with established Policies.

The Quality, Safety and Health and Environmental Policies are subject to internal and external audits as part of certification process and ongoing periodic assessments. Other policies are periodically evaluated for their efficacy through Internal Audit mechanism.

Note 1 The Company is member of trade and industry chambers like The Automotive Component Manufacturers Association of India (ACMA), The Confederation of Indian Industry (CII), Mahratta Chamber of Commerce and Industries (MCCI). The Company is process of reviewing the need and formulation of policy on principle 7.

Note 2 While there is no formal consultation with all stakeholders, the relevant policies have evolved over a period of time by taking inputs from the concerned internal stakeholders.

Note 3 The policies are in line with international standards and practices such as ISO 9001, TS 16949, ISO 14001, ISO 27001, OHSAS 18000 and meet National regulatory requirements such as the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Note 4 The Board of directors of the Company have approved the policies required to be framed under Companies Act, 2013 and SEBI Regulations like Code of conduct for Directors, Code of conduct for Senior Management, Whistle Blower Policy, CSR Policy, Code for fair disclosures, Policy on Related party Transactions and Business Responsibility Policy and these policies are signed by respective officers authorised by the Board for its implementation. Other operational internal policies are approved by management and signed by respective business head. Further the Company has also adopted few global policies framed by CIE Automotive S.A. the ultimate holding company.

Note 5 It has been Company's practice to upload all policies on internal server or display at prominent places in respective locations or shared with relevant stakeholders for the information and implementation by the internal stakeholders. The Code of Conduct for Directors, the Code of Conduct for Senior Management and Employees and CSR Policy are available on the website the http://www.mahindracie.com/investors/investor-relations/governance.html

Note 6 The Quality, Safety and Health and Environmental Policies are subject to internal and external audits as part of certification process and ongoing periodic assessments. Other policies are periodically evaluated for their efficacy through Internal Audit mechanism.

b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

Sr. No.	Questions	P1	P2	P3	P4	P5	P5	P6	P7	P8	P9
1	The company has not understood the Principles	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
3	The company does not have financial or manpower resources available for the task	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
4	It is planned to be done within next 6 months	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
5	It is planned to be done within the next 1 year @	-----	-----	-----	-----	-----	-----	-----	✓	-----	-----
6	Any other reason (please specify)	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----

@ The company is continuously reviewing its policies to align with the BR principles in full spirit. The assessment for adoption/ implementation of specific policies is under process which will be continued in next financial year.

3. Governance related to BR

a. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.

CSR committee of the Board meets regularly & review the progress of corporate social responsibility projects. This CSR committee of the Board has empowered one of its CEO's to lead CSR projects across MCIE plants in India. There is a CSR co-ordination committee led by this CEO & comprises of HR Heads of all Divisions & Company Secretary. This committee meets every two months to review the progress on the CSR projects approved and carrying internal review on the CSR proposals to be placed before CSR committee, as and when required, after carrying all assessments. Individual plant has a working committee which ensures the implementation of CSR activities & projects.

BR performance (Sustainability, Safety, CSR & Business performance) is regularly reviewed by CEO in areas of Energy conservation, water conservation, waste management including waste to wealth initiatives & safety performance & further directions are set for continual improvement.

For safety performance review each plant has a statutory safety committee led by Factory Manager which meets quarterly. Mahindra CIE being well connected with Mahindra group, also participates in their Group Central safety council which meets every quarterly.

The integrated performance on Safety, Sustainability & CSR is collected every month & is reviewed by a full time team of senior officers & also facilitates in relevant projects & capacity building.

The top Management of the Company is also in process of forming BR performance review council called as ESG Council (Environmental, Social & Governance council) which will review the performance every quarter.

b. **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

The Company is publishing its BR report for the first time for the financial year ended on 31st December, 2016. The copy of the BR reports is available at the website of the Company at http://www.mahindracie.com/investors/investor-relations/governance.html

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1 - Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1. **Does the policy relating to ethics, bribery and corruption cover only the company? Yes / No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

The Company has formed Code of Conduct for Directors & Senior Management personnel. It also has the CIE Internal Code of Professional Conduct for its employees. It includes issues among others related to ethics and bribery. It covers all dealings with suppliers, customers and other stakeholders, partners including Joint Ventures, and other stakeholders.

Suppliers Corporate Social Responsibility Commitment document has been communicated with all its suppliers through respective CEO's & an undertaking has been obtained.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

The Company has not received any complaint involving issues related to Principle-1.

Principle 2 – Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

The Company is a auto component supplier to OEMs and tier I supplier. Most of its products are manufactured as per the customer's design. The business development & new product development teams closely interact with the customers & fulfill PPAP (Production part approval process) requirements. The Company continuously strives to minimize waste in materials & processing requirements by initiatives such as Reduction in flash Thickness of Components in Composite division.

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

a) **Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?**

The Company continuously monitors and tracks the use of its natural resources. The reduction in resource consumption for current year against previous year is as under;

✓ Reduction in Specific Energy Consumption (KWh /MT) by 2.40%

✓ Reduction in Specific Water Consumption (Cub.mtr/ MT) by 8.78%

b) **Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

Our products are used by OEMs and tier I supplier. Hence specific details about energy conservation achieved by end customers due to our products cannot be computed.

3. **Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

Apart from the extensive Sustainable/GSCM drive across all divisions, our plants have adopted the milk run system for sourcing materials and also implemented the same for downward supply chain with the customers. The Company is also working on sourcing maximum from local and nearby suppliers so that our engagement is more effective and scope 3 emissions are reduced to a maximum extent. The Restricted and hazardous substances (RoHS) testing is done from accredited laboratories and reports are shared with the customers on demand.

4. **Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?**

If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Yes, the Company does take proactive steps to help the local and small producers including the communities surrounding our workplaces. Few steps taken by the

Company to improve their capacity and capability are as follows.

At Foundry division, we have engaged local people for Forklift & Tractor trolleys requirement of our company & there periodic audits, risk assessments is done by safety department.

At Magnetic products division, we have engaged Local Suppliers. Their assessment using Sustainability parameters has been planned in CY 17.

For Composites division, we have small vendors for assembly work and Labour contract and they have been assessed on the basis of sustainability parameters.

5. **Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

Yes, the Company has been giving attention to a systematic process of sustainable development in line with GRI guidelines since year 2008 (MCIE in its earlier form of Mahindra Systech has been participating in Mahindra group sustainability drive). Few examples of waste recycling and re-use are as follows.

The scrap from stamping division is used as a part of raw material in Foundry Division. In Foundry process moulding sand is reused to the extent of practical feasibility. In Magnetic product division grinding swarf & sintered scrap is reused in production process.

In Magnetic products division, for hard magnets, about 40 % of grinding swarf and 80% of Steel scrap is sold for magnet and powder purposes respectively.

At stampings division, Kanhe, we are utilising the steel offcut for C class child part purchase (<5%) through vendor development department.

At Stampings Rudrapur, uses treated waste water from STP - for garden and greenery development in the Plant.

The Sheet metal wastage (Scrap) is also disposed to vendors who again make plain Sheet metals for our RM again.

Principle 3 -Businesses should promote the wellbeing of all employees

1.	Total number of employees:	:	7,258
2.	Total number of employees hired on temporary/contractual/casual basis:	:	3,609
3.	Number of permanent women temporary/contractual/casual basis: employees:	:	21
4.	Number of permanent employees with disabilities:	:	7
5.	Do you have an employee association that is recognized by management: Yes/NO	:	Yes.
6.	What percentage of your permanent employees is members of this recognized employee association?	:	62.21%.

Note- The above includes employee details of Mahindra Gears & Transmissions Private Limited.

7. **Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

Category	No. of complaints pending at the beginning of the financial year	No. of complaints filed during the financial year	No. of complaints Resolved during the financial year	No. of complaints pending as on end of the financial year
Child labor/forced labor/involuntary labor	Nil	Nil	Nil	Nil
Sexual harassment	Nil	Nil	Nil	Nil
Discriminatory employment	Nil	Nil	Nil	Nil

What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

a) Permanent Employees: 83%

b) Permanent Women Employees: 90%

c) Casual/Temporary/Contractual Employees: 96%

d) Employees with Disabilities: 43%

Principle 4 - Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

1. **Has the company mapped its internal and external stakeholders?**

   Yes

2. **Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.**

   Yes

3. **Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.**

   Yes, as a part of the CSR activities the company has engaged with disadvantaged, vulnerable and marginalized stakeholders through multiple activities like Infrastructure Development at old age homes/day care, Donation of white sticks to blind people, Donation of Stitching machines to make the Ladies Self employed, Donation of blankets to adivasi hostel.

   The Company encourages its employees to participate in various social activities under ESOP. Many of its employees have voluntarily contributed for Girl child education and women empowerment initiatives.

Principle 5 - Businesses should respect and promote human rights

1. **Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

   The Business Responsibility Policy covers the aspects on Human Rights for the Company. Human Rights issues are a part of the supplier selection process and are also included in the contracts drawn up with them.

   Suppliers Corporate Social Responsibility Commitment document has been communicated with all its suppliers through respective CEO's & an undertaking has been obtained.

   Under GSCM initiative at suppliers & contractors training & interaction sessions Human Rights related topic is covered thoroughly.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

   The Company has not received any complaint involving issues related to Principle-5

Principle 6 - Business should respect, protect, and make efforts to restore the environment

1. **Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/others.**

   The Company has formulated various policies related to environmental protection like Environment, Safety ,Energy & GSCM Policies the GSCM Policy includes environment protection and covers suppliers. The subsidiaries have their own policies which are in sync with the Company's environmental policies.

2. **Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

   Targets taken in Sustainability Roadmap relate to energy conservation, GHG reduction and water conservation. These strategies and initiatives are also aligned to the National Action Plan on Climate Change. The strategies and new initiatives continue year on year. In the current reporting year, various initiatives on energy saving, water saving, waste reduction etc. were implemented. An indicative list in this regard is appended below.

   Energy Savings:

   - VFD for air compressor & motors to reduce electrical consumption.
   - Auto shut off valves to press machines
   - Energy efficient lighting system.
   - Installation of Fanless cooling tower
   - Heat recovery system for Sintering furnace.
   - Modification in Mill design from Single tube to double tube for output increase.

   Water Saving:

   - Use of STP/ETP treated water for flushing and gardening.
   - Roof and Surface Rain Water Harvesting to reduceWithdrawl of water.
   - Retrofitting with water saving equipment's like Foam taps, level controllers etc

   Waste Reduction:

   - Gunny Bags used for water removal from press pit sludge
   - Reduce paint sludge by technology up gradation
   - Replacement of oil so that no need for cleaning

3. **Does the company identify and assess potential environmental risks? Y/N**

   Yes, the Company has a mechanism to identify and assess potential environmental risks across all locations through their certified Environmental Management System.

4. **Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

   The Company has not done any significant work so far in CDM/ Carbon credit related areas. However we are increasing our efforts in sourcing energy from renewable sources like Wind & Solar. 3.90% of total energy consumed is from renewable sources. Under environment protection act & rules Form-V (Environmental statement) is submitted to SPCB by respective plants.

5. **Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

   Yes. Same as stated under point 2 above.

6. **Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

   Yes

7. **Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

   Nil

Principle 7 - Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. **Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

   Yes, The Company is member of trade and industry chambers like The Automotive Component Manufacturers Association of India (ACMA), The Confederation of Indian Industry (CII), Mahratta Chamber of Commerce and Industries (MCCI), The Institute of Indian Foundrymen CEO forum, etc.

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

   No significant contribution. However our COO at Foundry is making specific efforts through Indian Foundrymen CEO Forum in related areas of association.

Principle 8 - Businesses should support inclusive growth and equitable development

1. **Does the company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

   Yes. The Company and its applicable Indian subsidiaries has been a socially responsible corporate making investments in the community which go beyond any mandatory legal & statutory requirements. The CSR vision of the Company is to focus efforts in Skill Development, Health and Sanitation, Community Development etc. by innovatively supporting them through programs designed in respective while harnessing the power of technology. By investing our CSR efforts in these critical constituencies who contribute to nation building and the economy.

   In accordance with the Companies Act, 2013, the Company is committed to spend 2% towards CSR initiatives. Your Company encourages its employees to participate in the Employee Social Options (ESOPs) program, to drive positive change in society, through Health checkup camps, tree plantation, vocational guidance to school children in the nearby schools etc. During the year under review, the employees of your Company participated in various education and health related programs in local communities.

   During the year under review, the company had chosen to seek help of Naandi Foundation to evaluate the projects proposed by the Company. On recommendation of Naandi Foundation the CSR committee of the company has approved the following CSR projects in the area of Education and Skill Development;

   i. Enhancing Employability Quotient (EmQ) of Babasaheb Ambedkar Technological University (BATU) students in Mangaon -

      With the objective of improve the Employability Imbalance of Final year diploma students at BATU and better prepare these students for Jobs the Company approved and undertake this project under its CSR initiatives. The project will aim at improving Soft Skills, Communication & Presentation Skills, Interview Preparation and life skills of the Students. The implementation of above project is continuous and ongoing activity and the same is being done through the implementing partner Naandi Foundation.

   ii. Pathway to excellence – BM Pawar High School, Biradwadi, Chakan -

      With the objective of facilitating access to quality education for underprivileged rural school children near Company's plant and bridge the knowledge, economic and opportunity gaps of nearby village community, the Company approved to undertake a project ‘Pathway to excellence’ at BM Pawar High School at Biradwadi Chakan. The Project will spread across a period of 3 years during which various initiative will be undertaken by the Company along-with Naandi Foundation as its implementing partner. These initiatives will aim at improving pedagogy, improving understanding of students, providing better amenities and best-in-class teaching aids to students.

iii. Open Girls’ Clubs under “Nanhi Kali++ Centers” -

Naandi Foundation and K. C. Mahindra Education Trust have introduced ‘Project Nanhi Kali ++ Centers’ with primary goal of ensure that by the age of 21, the young girls are able to earn a viable livelihood and ensure that there are no under-age marriages. These Centers are safe, socially acceptable, "go-to” place for girls to learn and have fun after they complete Class 10. The Company has approved to undertake seven such girls club under Nanhi Kali++ Centers.

2. **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organization?**

CSR initiatives are implemented either directly by the Company through its ESOPs structure where its employees directly participate and implement the CSR programmes or through implementing partners which include NGOs having an established track record of at least 3 years in carrying on the specific activity. The main implementation agency with which the Company works are the Nandi Foundation, The K. C. Mahindra Education Trust, and Mahindra Pride School.

3. **Have you done any impact assessment of your initiative?**

In F16 the following impact assessment studies were undertaken:

(a) 3rd party pre-launch assessment of Project: Enhancing Employability Quotient - Skill Development Program” Nahi Kali by independent evaluators.

(b) Project “Setting up two Girls Club under Nanhi Club ++” was launched based on versatile experience of K. C. Mahindra Education Trust, in running Nanhi Kali project.

4. **What is your company’s direct contribution to community development projects- Amount in ₹ and the details of the projects undertaken.**

The Company’s contribution to community development projects amounts to ₹ 3.37 Million during the Calendar Year 2016. Details of some of the major initiatives the Company has invested in the financial year (CY16) are given in Point 1 above.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

The Company ensure that the CSR initiatives are successfully adopted by the community. The projects are implemented through renowned NGOs and they are responsible to conduct periodic assessment of the projects in order to ensure that targeted deliverables are achieved with maximum benefits to the community.

Principle 9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner

1. **What percentage of customer complaints/consumer cases are pending as on the end of financial year.**

Pending Customer complaints of your plant CY-16					
Receiving Period	Total Complaints Registered in this period	Open	Close	Open %	Close %
CY16	286	10	276	3.50%	96.50%

2. **Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information)**

Given the nature of business it is done only as per the Customer Specified Standards of packaging and part labeling.

3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**

Nil

4. **Did your company carry out any consumer survey/ consumer satisfaction trends?**

Customer satisfaction surveys are conducted by all Divisions for their key customers.

INDEPENDENT AUDITOR'S REPORT

To the Members of Mahindra CIE Automotive Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of Mahindra CIE Automotive Limited ("the Company"), comprising the standalone balance sheet as at 31st December, 2016 and the related standalone statements of profit and loss and cash flow for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the preparation of these standalone financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.

4. While conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the standalone financial statements.

7. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company, as at 31st December, 2016, and its profit and standalone cash flows for the year ended 31st December, 2016.

Emphasis of matter

9. We draw attention to Note No. 9 to the standalone financial statements and for the reasons detailed therein, we have relied on the representation of the management of the Company that it does not perceive any diminution other than temporary in the value of long term investment of ₹ 7,637.5 Million in its wholly owned subsidiaries namely Mahindra Forgings Global Limited and Mahindra Forgings International Limited based on management forecasts of future earnings of the businesses of these entities. We have relied on these management forecasts.

   Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure I, a statement on the matters specified in paragraphs 3 and 4 of the Order.

11. As required by Section 143(3) of the Act, we report that:

    a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

    b. in our opinion proper books of account as required by law relating to preparation of the standalone financial statements have been kept by the Company so far as it appears from our examination of those books;

    c. the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow statement dealt with by this

Report are in agreement with the relevant books of account maintained for the purpose of preparation of the standalone financial statements;

d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

e. on the basis of written representations received from the directors as on 31st December, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st December, 2016, from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer our separate report in Annexure II.

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on the financial position in its financial statements – Refer to Note 31 to the standalone financial statements

   ii. The Company did not have any long-term contracts for which there were any material foreseeable losses. Provision has been made in the standalone financial statements as required under the applicable law or accounting standards, for material foreseeable losses, if any, on derivative contracts.

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Mumbai
23rd February, 2017

ANNEXURE I TO THE AUDITOR'S REPORT

Referred to in paragraph 10 of our report of even date on the standalone financial statements of Mahindra CIE Automotive Limited for the year ended 31st December, 2016

1. (i) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   (ii) The Company has a rotational programme for verification of its fixed assets over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. A portion of the fixed assets has been physically verified by the management of the Company during the year in accordance with the above-mentioned program. No material discrepancies were identified on such verification and have been properly accounted for in the books of account.

   (iii) According to the information and explanations given to us and to the best of our knowledge and belief, the title deeds of the following properties are not in the name of the Company:

			₹ Million as at 31st December, 2016	
Title deed held in the name of	**Nature of property**	**Location**	**Gross block**	**Net block**
Amforge Industries Limited	Freehold Land	Chakan	3.8	3.8
Mahindra Ugine Steel Co. Limited	Freehold Land	Zaheerabad	25.0	25.0
Mahindra Ugine Steel Co. Limited	Freehold Land	Kanhe	36.9	36.9
D G P Hinoday Industries Limited	Freehold Land	Urse	299.7	299.7
Amforge Industries Limited	Building	Chakan	577.4	287.2
Mahindra Ugine Steel Co. Limited	Building	Zaheerabad	130.8	119.8
Mahindra Ugine Steel Co. Limited	Building	Kanhe	271.1	76.2
Mahindra Ugine Steel Co. Limited	Building	Nashik	199.1	79.1
Mahindra Ugine Steel Co. Limited	Building	Rudrapur	42.0	10.5
Mahindra Ugine Steel Co. Limited	Building	Pantnagar	84.9	62.3
Morris Electronics Limited	Building	Bhosari	137.8	71.3
Morris Electronics Limited	Building	Urse	680.2	438.1
Mahindra Composites Limited	Building	Pune	22.1	4.7
Siro Plast Limited	Building	Mangaon	31.6	18.9
Mahindra Ugine Steel Co. Limited	Leasehold Land	Nashik	27.9	26.1
Mahindra Ugine Steel Co. Limited	Leasehold Land	Rudrapur	3.3	0.0
Mahindra Ugine Steel Co. Limited	Leasehold Land	Pantnagar	14.2	13.3
D G P Hinoday Industries Limited	Leasehold Land	Bhosari	415.6	363.7
Siro Plast Limited	Leasehold Land	Mangaon	0.3	0.2

   These properties have vested into the Company pursuant to amalgamations of these entities into the Company. According to the information and explanations given to us and on the basis of our examination of the records of the Company, other than as indicated herein, the title deeds of immovable properties are held in the name of the Company.

2. According to the information and explanations give to us, the Company conducted physical verification of inventory at during year which in our opinion is reasonable given the size of the Company and the nature of its operations. The discrepancies were not material and have been properly dealt with in the books of account of the Company.

3. The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of para 3(iii), (iii)(a) and (iii)(b) of the Order are not applicable to the aforesaid companies.

4. In our opinion and according to the information and explanations given to us, there are no loans, guarantees or security granted to which the provisions of Section 185 of the Act apply. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Act, with respect to investments made by it in the capital of its wholly owned subsidiaries to which the provisions of Section 186 of the Act are applicable.

5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits to which the directives of the Reserve Bank of India and the provisions of Sections 73-76 of the Act and the rules framed thereunder to the extent modified apply. Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company.

6. As informed to us, the maintenance of cost records has been prescribed by the Central Government under section 148(1) of the Companies Act, 2013, in respect of the activities carried on by the Company. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.

7. (i) According to the records of the Company examined by us and information and explanations given to us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Excise Duty, Service Tax, Customs Duty, value added tax, and other statutory dues applicable to it. There are no undisputed amounts in respect of the aforesaid items which are unpaid at the balance sheet date for a period of more than 6 months from the date they became due.

(ii) According to the information and explanations given to us, dues of income-tax, sales tax, service tax, excise duty, customs duty and work contract tax which have not been deposited on account of any dispute are as follows:

Name of Statute	Nature of dues	₹ Million	Period to which amount relates	Forum where pending
Central Excise Act, 1944	Excise Duty	8.1	2010-11 to 2012-13	CESTAT Mumbai
Central Excise Act, 1944	Excise Duty	1.1	2012-13	Additional Commissioner of Central Excise
Central Excise Act, 1944	Excise Duty	9.9	Various	CESTAT Mumbai
Income Tax Act, 1961	Income Tax Act, 1961	278.5	2005-06 to 2011-12	CIT(Appeals)- Mumbai
Central Excise Act, 1944	Excise Duty	5.5	1997-98	CESTAT
Central Excise Act, 1944	Excise Duty	0.5	2013-14	CESTAT
Central Excise Act, 1944	Excise Duty	21.4	2014-15	CESTAT
Finance Act, 1994	Service Tax	6.4	2015-16 & 2016-17	Commissioner Appeals
Finance Act, 1994	Service Tax	0.5	Various Years	CESTAT
Finance Act, 1994	Service Tax	0.7	F.Y. 2015-16	CESTAT
Finance Act, 1994	Service Tax	3.8	F.Y. 2015-16	Commissioner Appeals
Income Tax Act, 1961	Appeals against Income Tax Claims	3.1	2011-12	Commissioner of Income Tax (Appeals) – Pune
Central Excise Act, 1944	Excise Duty	0.5	2008-09	Commissioner of Central Excise and Customs (Appeals) – Mumbai
Customs Act, 1962	Customs Duty	0.4	2009-10 & 2010-11	Assistant Commissioner of Customs
Central Excise Act, 1944	Excise Duty	0.2	1999-2000	Superintendent of Central Excise
Central Excise Act, 1944	Service Tax	0.2	2005-06	Deputy Commissioner of Sales Tax
Sales Tax Laws	Sales Tax	5.8	F.Y. 1994-1995	High Court
Sales Tax Laws	Sales Tax	90.0	Various	Central Sales Tax Appellate Authority
Sales Tax Laws	Sales Tax	119.5	Various	Joint Commissioner of Sales Tax-Appeals
Sales Tax Laws	Sales Tax	0.1	2011-12	Joint Commissioner of Sales Tax-Appeals
Sales Tax Laws	Sales Tax	2.6	2012-13	Joint Commissioner of Sales Tax-Appeals
Central Excise Act, 1944	Excise Duty	48.8	F.Y. 2006-2007 & F.Y. 2007-2008	High Court
Central Excise Act, 1944	Excise Duty	44.1	1999 to 2004, 2003 to 2007, 2008 to 2010 & 2012 to 2013	Customs, Excise and Service Tax Appellate Tribunal
Central Excise Act, 1944	Excise Duty	2.2	Jan 2010 to Mar 2014	Dy Commissoner
Central Excise Act, 1944	Excise Duty	0.1	April 2011 to Mar 2012	Commissoner - Appeals

Name of Statute	Nature of dues	₹ Million	Period to which amount relates	Forum where pending
Central Excise Act, 1944	Excise Duty	0.5	April 2015 to Mar 2016	Dy Commissoner
Finance Act, 1994	Service Tax	55.1	Various	Customs, Excise and Service Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	57.3	2005-06 to 2011-12	Tribunal
Income Tax Act, 1961	Income Tax	0.3	A.Y. 2013-14 & 14-15	CIT(Appeals)- Mumbai
Income Tax Act, 1961	Income Tax	13.8	2005-06 to 2011-12	CIT(Appeals)- Mumbai

8. Based on the records examined by us and according to the information and explanations given to us the Company has not defaulted in repayment of dues to a financial institution, banks or to the Government during the year. The Company has not raised any loans by way of debentures.

9. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. The money raised by way of term loans have been applied for the purpose for which they were raised.

10. Based on the records examined by us and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the management of the Company.

11. Based on the records examined by us and according to the information and explanations given to us, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company and hence paragraph 3(xii) of the Order is not applicable to the Company.

13. Based on the records examined by us and according to the information and explanations given to us, transactions with related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

14. Based on the records examined by us and according to the information and explanations given to us, the Company has made preferential allotment of shares during the year and the requirements of section 42 of the Companies Act, 2013, have been complied with and the amount raised has been used for the purpose for which the funds were raised.

15. Based on the records examined by us and according to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

16. In our opinion and according to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **B. K. Khare & Co**
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Mumbai
23rd February, 2017

ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF MAHINDRA CIE AUTOMOTIVE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Mahindra CIE Automotive Limited ("the Company") as of 31st December, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended 31st December, 2016.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ("the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st December, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number 105102W

Padmini Khare Kaicker
Partner
MembershipNumber: 044784

Mumbai
23rd February, 2017

Balance Sheet as at 31st December, 2016

(₹ in Million)

		Note No.	As at 31st December, 2016	As at 31st December, 2015	As at 1st April, 2015
I	**ASSETS**				
	NON CURRENT ASSETS				
	a) Property Plant and Equipment	7	**5,071.5**	5,236.6	4,885.7
	b) Capital Work-in-Progress	7	**61.0**	221.2	897.2
	c) Intangible Assets	8	**35.3**	50.9	21.0
	d) Financial Assets				
	Investment	9	**28,758.6**	15,546.2	15,227.5
	e) Other Non-current Assets	11	**814.6**	820.4	754.9
			34,741.0	21,875.3	21,786.3
	CURRENT ASSETS				
	a) Inventories	12	**1,417.2**	1,513.1	1,524.7
	b) Financial Assets				
	i) Investments	9	**306.2**	662.8	493.3
	ii) Trade Receivables	10	**2,430.7**	2,302.7	2,456.4
	iii) Cash and Cash Equivalents	13	**104.4**	126.6	29.0
	iv) Other Bank Balances	13	**23.4**	130.0	26.9
	c) Current Tax Assets (Net)		**547.0**	639.6	635.5
	d) Other Current Assets	11	**563.2**	471.3	370.4
			5,392.4	5,846.1	5,536.1
	TOTAL ASSETS		**40,133.1**	27,721.4	27,322.5
II	**EQUITY AND LIABILITIES**				
	EQUITY				
	a) Equity Share Capital	14	**3,780.9**	3,233.4	3,229.8
	b) Other Equity	15	**30,854.9**	20,209.7	19,837.3
			34,635.8	23,443.1	23,067.1
	LIABILITIES				
	NON CURRENT LIABILITIES				
	a) Financial Liabilities				
	i) Borrowings	16	**-**	-	56.8
	ii) Other Financial Liabilities		**-**	-	-
	b) Provisions	19	**210.1**	188.3	170.9
	c) Deferred Tax Liabilities (Net)	20	**241.2**	250.4	162.6
	d) Non-current Liabilities	22	**350.7**	411.9	253.9
			802.0	850.6	644.2
	CURRENT LIABILITIES				
	e) Financial Liabilities				
	i) Borrowings	16	**1,384.5**	112.7	158.7
	ii) Trade Payables	17	**1,814.5**	1,992.6	2,088.5
	iii) Other Financial Liabilities	18	**136.0**	228.2	314.3
	f) Provisions	19	**69.2**	69.5	75.4
	g) Other Current Liabilities	22	**1,291.5**	1,024.7	974.3
			4,695.7	3,427.7	3,611.1
	TOTAL EQUITY AND LIABILITIES		**40,133.1**	27,721.4	27,322.5

The accompanying notes 1 to 34 are an integral part of these financial statements.

As per Report of even date

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Mumbai, 23rd February, 2017

For and on behalf of the Board of Directors of **Mahindra CIE Automotive Limited**

Hemant Luthra
Chairman & Executive Director

Ander Arenaza Álvarez
Executive Director

K. Ramaswami
Managing Director

Daljit Mirchandani
Director

Dhananjay Mungale
Director

Neelam Deo
Director

K. Jayaprakash
Chief Financial Officer

Krishnan Shankar
Company Secretary & Head-Legal

Mumbai, 23rd February, 2017

Income Statement for the year ended 31st December, 2016

(₹ in Million)

		Note No.	Year ended 31st December, 2016	9 month period ended 31st December, 2015
	CONTINUING OPERATIONS			
I	**Revenue from operations**	23	**17,868.9**	13,309.0
II	**Other Income**	24	**216.6**	59.1
III	**Total Revenue (I+II)**		**18,085.5**	13,368.1
IV	**EXPENSES**			
	a) Cost of materials consumed	25	**8,151.0**	6,267.3
	b) Changes in stock of finished goods, work-in-progress and stock in trade	25	**46.6**	31.4
	c) Employee benefits expense	26	**2,227.2**	1,505.0
	d) Finance costs	27	**71.0**	32.6
	e) Depreciation and amortisation expense	7	**710.3**	538.3
	f) Other expenses	28	**6,000.4**	4,494.0
	Total Expenses (IV)		**17,206.5**	12,868.7
V	**Profit before Exceptions items and Tax (III-IV)**		**879.0**	499.4
VI	**Exceptional items**	29	**90.2**	-
VII	**Profit after Exceptions items before Tax (V-VI)**		**788.7**	499.4
VIII	**Tax Expense**			
	a) Current Tax	21	**273.5**	98.5
	b) Deferred Tax	21	**0.8**	87.8
	Total Tax (VIII)		**274.3**	186.3
IX	**Profit after Tax from continuing operations**		**514.5**	313.1
X	**Profit for the period**		**514.5**	313.1
XI	**Other Comprehensive Income**			
	i) Items that will not be recycled to profit or loss		**(29.0)**	(9.0)
	ii) Income tax relating to items that will not be reclassified to profit and loss		**10.0**	3.1
	Other Comprehensive Income		**(19.0)**	(5.9)
XII	**Total comprehensive income for the period**		**495.4**	307.3
XIII	**Earnings per equity share of face value of ₹10 each (for continuing operation)**			
	1) Basic	33	**1.53**	0.97
	2) Diluted	33	**1.52**	0.97

The accompanying notes 1 to 34 are an integral part of these financial statements.

As per Report of even date

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Mumbai, 23rd February, 2017

For and on behalf of the Board of Directors of **Mahindra CIE Automotive Limited**

Hemant Luthra
Chairman & Executive Director

Ander Arenaza Álvarez
Executive Director

K. Ramaswami
Managing Director

Daljit Mirchandani
Director

Dhananjay Mungale
Director

Neelam Deo
Director

K. Jayaprakash
Chief Financial Officer

Krishnan Shankar
Company Secretary & Head-Legal

Mumbai, 23rd February, 2017

Statement of changes in equity for the year ended 31st December, 2016

(₹ in Million)

A. Equity share capital

As at 1st April, 2015		3,229.8
Changes in equity share capital during the period ended 31st December, 2015 issued under Employees' Stock Options Scheme		3.6
As at 31st December, 2015		3,233.4
Changes in equity share capital during the period ended 31st December, 2016 issued under Employees' Stock Options Scheme	2.6	
Issue of Equity Shares to Participaciones Internacionales Autometal, Dos S.L. and Bill Forge Privet Limited	544.9	547.5
As at 31st December, 2016		3,780.9

B. Other Equity

	Reserves and Surplus					Other Comprehensive income	
	Capital Reserve	Securities Premium Reserve	General Reserve	Other Reserve *	Retained Earnings	Comprising Gratuity	Total
As at 1st April, 2015	6,386.3	4,949.8	6,535.8	243.1	1,722.4	-	19,837.4
Profit/ (loss) for the period	-		-	-	313.2	-	313.2
Other Comprehensive income/(loss)	-		-	-		(5.9)	(5.9)
Total Comprehensive income for the period	**-**		**-**	**-**	**313.2**	**(5.9)**	**307.3**
Transfer to Reserve					-		
Exercise of Employee Stock options	-	37.2	-	(14.2)	-		23.0
Options granted during the period	-		-	0.2	-	-	0.2
Foreign exchange gain /(loss) on the investment in preference capital in subsidiary	-	-	-	41.8	-	-	41.8
As at 31st December, 2015	6,386.3	4,987.0	6,535.8	270.9	2,035.6	(5.9)	20,209.7
Profit/ (loss) for the period	-	-	-	-	514.5	-	514.5
Other Comprehensive income/(loss)	-	-	-	-	-	(19.0)	(19.0)
Total Comprehensive income for the year	**-**	**-**	**-**	**-**	**514.5**	**(19.0)**	**495.5**
Exercise of Employee Stock options	-	22.8	-	(11.6)	-	-	11.2
Options granted during the period	-	-	-	71.2	-	-	71.2
Any other changes	-	10,069.6**	-	(6.0)	3.6	-	10,067.2
As at 31st December, 2016	6,386.3	15,079.4	6,535.8	324.5	2,553.7	(24.9)	30,854.9

** ₹ 10,069.6 Million was received as Share Premium against preferential allotment of equity shares during the current year

*	**Movement in other reserves**	**31st December, 2016**	31st December, 2015	1st April, 2015
A	**Capital Redemption Reserve:**			
	Balance as at the beginning of the year	164.6	164.6	164.6
	Changes during the year	-	-	-
	Balance as at the end of the year	164.6	164.6	164.6
B	**Investment Fluctuation Reserve:**			
	Balance at the beginning of the year	92.4	50.6	185.1
	Foreign exchange gain /(loss) on the investment in preference capital in subsidiary	(6.0)	41.8	(134.5)
	Balance as at the end of the year	86.4	92.4	50.6
C	**Equities settled employees benefits reserve**			
	Balance at the beginning of the year	13.9	27.9	54.2
	Options granted during the year	166.9	0.2	2.4
	Deferred employee grant expenses	(95.7)		
	Options forfeited during the year			
	Options exercised during the year	(11.6)	(14.2)	(28.7)
	Balance at the end of the year	73.5	13.9	27.9
	Total(A+B+C)	**324.5**	**270.9**	**243.1**

The accompanying notes 1 to 34 are an integral part of these financial statements.

As per Report of even date

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Mumbai, 23rd February, 2017

For and on behalf of the Board of Directors of **Mahindra CIE Automotive Limited**

Hemant Luthra
Chairman & Executive Director

Ander Arenaza Álvarez
Executive Director

K. Ramaswami
Managing Director

Daljit Mirchandani
Director

Dhananjay Mungale
Director

Neelam Deo
Director

K. Jayaprakash
Chief Financial Officer

Krishnan Shankar
Company Secretary & Head-Legal

Mumbai, 23rd February, 2017

Statement of Cash Flow for the year ended 31st December, 2016

(₹ in Million)

	Year ended 31st December, 2016	9 month period ended 31st December, 2015
Cash flows from operating activities		
Profit before tax for the year	**788.7**	499.4
Adjustments for:		
Finance costs recognised in profit or loss	**71.0**	32.6
Investment income recognised in profit or loss	**(39.0)**	(17.9)
Impairment loss recognised in trade receivables	**-**	11.7
Depreciation and amortisation of non-current assets	**710.3**	538.3
Impairment of non-current assets	**8.5**	8.7
Employee Stock Option expenses	**59.9**	(0.3)
	1,599.4	1,072.5
Movements in working capital:		
(Increase)/decrease in trade and other receivable	**(128.0)**	153.7
(Increase)/decrease in inventories	**95.9**	11.7
(Increase)/decrease in other assets	**6.2**	(212.0)
Increase/(decrease) in trade and other payables	**(178.1)**	(95.9)
Increase/(decrease) in provisions	**(106.8)**	11.5
Increase/(decrease) in other liabilities	**104.2**	122.4
	(206.6)	(8.6)
Cash generated from operations	**1,392.8**	1063.9
Income taxes paid	**(170.6)**	(91.2)
Net cash generated by operating activities	**1,222.1**	972.7
Cash flows from investing activities		
Payments to acquire financial assets	**(10,715.5)**	(2,955.0)
Proceeds from sale of financial assets	**11,072.2**	2,803.4
Other dividends received	**39.0**	17.9
Payments for property, plant and equipment	**(375.5)**	(254.1)
Net cash outflow on acquisition of subsidiaries	**(7,097.1)**	(277.0)
Net cash (used in /generated by investing activities)	**(7,076.9)**	(664.8)
Cash flows from financing activities		
Proceeds from issue of equity instruments of the Company	**4,525.2**	28.2
Proceeds from borrowings	**1,163.9**	(2.2)
Repayment of borrowings	**-**	(102.8)
Interest paid	**(71.0)**	(32.6)
Net Cash used in financing activities	**5,618.1**	(109.4)
Net increase in cash and cash equivalents	**(236.7)**	198.5
Cash and cash equivalents at the beginning of the year	**254.4**	55.9
Cash and cash equivalents at the end of the year	**17.7**	254.4

Reconciliation of Cash and Cash Equivalent

	As at 31st December, 2016	As at 31st December, 2015
Total Cash and Cash Equivalents as per Balance Sheet	**127.8**	256.6
Less: Bank Overdraft	**110.1**	2.2
Total Cash and Cash Equivalents as per Statement of Cash flow	**17.7**	254.4

As per Report of even date

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Mumbai, 23rd February, 2017

For and on behalf of the Board of Directors of **Mahindra CIE Automotive Limited**

Hemant Luthra
Chairman & Executive Director

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K. Ramaswami
Managing Director

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Director

Dhananjay Mungale
Director

Neelam Deo
Director

K. Jayaprakash
Chief Financial Officer

Krishnan Shankar
Company Secretary & Head-Legal

Mumbai, 23rd February, 2017

Notes to the Standalone Financial Statements as at and for the year ended 31st December, 2016

1. General information

1.1 Mahindra CIE Automotive Limited and activities

Mahindra CIE Automotive Limited (MCIE) is a Company incorporated in India having its registered office in Mumbai. MCIE is engaged in the business of production and sale of automotive components to original equipment manufacturers and other customers (including leading suppliers of components) in India and overseas.

The Company has manufacturing facilities in various locations across the country in India, MCIE has an established presence in each of these locations and supply automotive components to its customers based there and export products to customers based in other countries as well. MCIE's manufacturing locations are generally located close to major automotive manufacturing hubs in order to facilitate supplies to the customers.

MCIE is a subsidiary of CIE Automotive Group based in Spain. The Mahindra Group based in India is a significant shareholder in MCIE. Pursuant to a global alliance between the two Groups Mahindra's automotive components businesses across various products in India and Europe were brought together.

Investments in 100% subsidiaries are detailed in Note 9 B (i) & 9 c and these are accounted for at cost.

These standalone financial statements for the year ended 31st December, 2016 were approved for issue by the Board of Directors in accordance with their resolution dated 23rd February, 2017.

1.2 Change in Financial Year

Until 31st March, 2015, the financial year followed by MCIE was for a period of 12 months from 1st April to 31st March each year. Thereafter, MCIE changed its financial year to be for a period from 1st January to 31st December of the same calendar year. Accordingly, MCIE prepared its previous financial statements for a nine-month period from 1st April, 2015 to 31st December, 2015.The current period standalone financial statements are for the period from 1st January, 2016 to 31st December, 2016.

2. Summary of significant accounting policies

2.1 Basis of presentation

The standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015. For all periods up to and including the year ended 31st December, 2015, the Company prepared its financial statements in accordance with accounting standards specified under the section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and The Companies (Accounting Standards) Rules, 2006 (Collectively previous GAAP). These financial statements for the year ended 31st December, 2016 are the first the Company has prepared in accordance with Ind AS (refer to note 6 for information on how the Company has adopted Ind AS). The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

The financial statements are presented in ₹ and all values are rounded to the nearest Million in single digit, except where otherwise indicated.

2.2 Segment information

Operating segments are reported consistently with the internal reporting provided to the Chief Executive Officer. The highest decision-making executive is responsible for allocating resources to and assessing the performance of the operating segments. The highest decision-making body is the Chief Executive Officer.

2.3 Current and non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets or liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

2.4 Foreign currencies

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Realised gains and losses and also exchange differences arising on translation at year end exchange rates of monetary assets and monetary liabilities outstanding at the end of the year are recognised in the statement of Income Statement.

Exchange differences are recognised as an income or expense in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or expiry of such forward exchange contract is recognised as income or expense for the period.

Exchange differences arising on a monetary item, forming part of a net investment in a Non Integral Foreign Operation is accumulated in Foreign Currency Translation Reserve.

2.5 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Based on the Educational Material on Ind AS 18 issued by the ICAI, the Company has assumed that recovery of excise duty flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty.

However, sales tax/ value added tax (VAT) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognized.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Interest income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

Dividends

Revenue is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

2.6 Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per accounting policy applicable to financial liabilities.

2.7 Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in India where it generates taxable income.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When deferred tax assets relating to deductible temporary difference arise from initial recognition of assets and liability in transaction that is not business combination and, at time of transaction affects neither the accounting profit or taxable profit or loss.
- In respect of deductible temporary difference associated with investment in subsidiaries, associate and interest in joint venture, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will available against which the temporary difference can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales/ Value added tax paid on acquisition of assets or on incurring expenses

Expenses and assets recognised net of amount of sales / value added tax paid, except

- When tax incurred on purchase of assets or services is not recoverable for taxation authority, in which case tax paid is recognised as part of the cost of acquisition of asset or as a part of the expense item, as applicable
- When receivable and payable are stated with amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in balance sheet.

2.8 Property, plant and equipment

Freehold land carrying at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All others repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

- Building 15 to 50 years
- Plant and equipment 2 to 24 years

The Company, based on technical assessment made by technical expert and management estimate, depreciates certain item building, property, plant and equipment over estimated useful lives which are different from useful life prescribed in schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of period over which assets are likely to be used.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.9 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognized in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

2.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

2.11 Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.
- Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on first in, first out basis.
- Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.12 Provisions

General

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Restructuring provisions

Restructuring provisions are recognized only when the Company has a constructive obligation, which is when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs, and an appropriate time-line, and the employees affected have been notified of the plan’s main features.

2.13 Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

2.14 Share based payments

Share based compensation benefits are provided to employees via the Employee Stock Options Scheme.

The fair value of options granted under the above scheme is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- Including any market performance conditions;
- Excluding the impact of any service vesting conditions (for example, remaining an employee of the entity over a specified time period)

Non-market performance and service conditions are included in the assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period during which all the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Company revised the estimates of the number of options that are expected. It recognises the impact of the revision of original estimates, if any, in the income statement, with corresponding adjustment to equity.

The total cost of the services rendered by the beneficiaries is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied (continued service at the Company).

2.15 Financial Assets and Financial liabilities

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are measured in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)

- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Impairment of Financial assets

In accordance with Ind AS 109, the company applies expected credit loss model for measurement and recognition of impairment loss on the financial assets and credit risk exposure.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risks are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

2.16 Share Capital

Ordinary equity shares are classified as equity.

Incremental cost directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.17 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

2.18 Cash dividend distribution to equity holders of the Company

The Company recognizes a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

2.19 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is due in one year or less they are classified as current assets.

Commercial receivables are recognised initially at fair value and subsequently measured at amortised cost using the original effective interest method, less provision for impairment. A provision for impairment of trade receivables is recognised when there is objective evidence that the Company will not be able to collect all amounts due under the original terms of the receivables. Indications of impairment are deemed to exist when the debtor is in serious financial difficulty; it is probable that the borrower will enter bankruptcy of other financial reorganisation, and in the event of payment of default or delinquency. When a receivable is deemed uncollectible it is written off against the provision for receivables. Any subsequent recovery of previously written-off amounts is recognised in the income statement.

Financing through the discounting of bills of exchange is not written off from trade receivables until they are collected and is reflected as bank financing.

Financing by means of non- recourse factoring or the sale of trade receivables triggers the de-recognition of the receivable as all associated risks are transferred to the financial institution in question.

2.20 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.21 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer their settlement for at least 12 months after the end of the reporting period.

Fees paid on for availing the loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facilities will be drawn down. In this case, the fees are deferred until the draw- down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

2.22 Environmental disclosures

Costs incurred by the Company as part of its business activities that are intended to protect the environment and/ or improve its environmental records are expensed currently. These costs are capitalised when the expenses represent additions to items of property, plant equipment intended to make them more environment- friendly and minimise their impact on the environment.

2.23 Seasonal nature of business and business volume

The Automotive segment does not show any seasonal nature so its sales are distributed uniformly throughout the year.

3. Financial risk management

3.1 Financial risk factors

The Company activities expose it to a variety of financial risks viz. market risk credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

a. **Market risk**

The company's exports and imports is not very significant. There are no borrowings in foreign currency. Therefore currency risk for the company is not very significant.

Short term borrowings are at variable interest rates and the same is managed by the group by constantly monitoring the trend and expectations.

Temporary surplus investments are made in debt instruments and risk is managed by adequately diversifying the portfolio.

b. **Liquidity risk**

The prudent management of liquidity risk entails maintaining enough cash and available financing through sufficient credit facilities. In this respect, the MCIE strategy, articulated by its Treasury Department, is to maintain the necessary financing flexibility through the availability of committed credit lines. Additionally, and on the basis of its liquidity needs, the Company uses liquidity facilities (non-recourse factoring and the sale of financial assets representing receivable debts, transferring the related risks and rewards).Management monitors the Company's forecast liquidity requirements together with the trend in net debt. The calculation of liquidity and net debt at 31st December, 2016 and 31st December, 2015 is calculated as follow :

(₹ in Million)

	31st December, 2016	31st December, 2015
Cash, cash equivalents & bank balances (Note 13)	**127.8**	256.5
Other current financial assets – Investments (Note 9)	**306.2**	662.8
Other current financial assets – Loans		-
Undrawn credit facilities and loans	**1,399.5**	577.8
Liquidity buffer	**1,833.5**	1,497.1
Bank Borrowings (Note 16)	**1,384.5**	112.7
Other Financial Liability (Note 18)	**136.0**	228.2
Cash and cash equivalents (Note 13)	**(127.8)**	(256.5)
Other current financial assets – investments (Note 9)	**(306.2)**	(662.8)
Net financial debt	**1,086.5**	(578.4)

The Company believes that the on-going initiatives and arrangements will prevent liquidity shortfalls.

The Company's Management monitors the forecast liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining enough headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants on any of its borrowing facilities.

Noteworthy is the existence at 31st December, 2016 of ₹ 1,399.5 Million in unused loans and credit lines (31st December, 2015: ₹ 577.8 Million).

One of the Company's strategies is to ensure the optimisation and maximum saturation of the resources assigned to the business. The Company therefore pays special attention to the net operating working capital invested in the business. In this regard, as in previous years, considerable work has been performed to control and reduce collection periods for trade and other receivables, as well as to optimise accounts payable with the support of banking arrangements to mobilise funds and minimise inventories through logistic and industrial management, allowing JIT (just in time) supplies to our customers.

As a result of the above, it may be confirmed that there are no liquidity risks at the Company.

c. **Credit Risk**

Credit risk from cash and cash equivalents, derivative financial instruments and bank deposits is considered immaterial in view of the creditworthiness of the banks the company works with.

The Company has specific policies for managing customer credit risk; these policies factor in the customers' financial position, past experience and other customer specific factors.

The Company continues to consider the credit quality of outstanding balances to be strong. Based on past trends, expected credit loss is provided. Details of such provision and analysis of the age of assets that are past due but are not impaired is provided in Note 16.

d. Raw material price risk

The Company does not have significant risk in raw material variations. In case of any variation in price same is passed on to customers through appropriate adjustments to selling prices.

3.2 Fair Value estimation

Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3.3 Capital risk management

The Company objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for the other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company can adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry the Company monitors capital on the basis of the leverage ratio. This ratio is calculated as net debt divided by total capital employed. Net debt is calculated as total borrowings plus current financial liabilities less cash,

cash equivalents and current financial assets, all of which are shown in the annual accounts. Total capital employed is calculated as 'equity', as shown in the annual accounts, plus net debt.

Calculation of gearing ratio.

(₹ in Million)

	31st December, 2016	31st December, 2015
Net Financial Debt (Refer Note 3.1.(b))	**1,086.5**	(578.4)
Equity	**34,635.8**	23,443.1
Less: Long Term Investments	**(28,758.6)**	(15,546.2)
Total Capital Employed	**5,877.2**	7,896.9
Gearing Ratio	**0.18**	-

4. Accounting estimates and judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions affecting the application of accounting policies and the amounts presented under assets and liabilities, income and expenses. Actual results may differ from these estimates.

a. Income tax

Income tax expense for the period ended 31st December, 2016 has been estimated based on profit before taxes, as adjusted for any permanent and/or temporary differences envisaged in tax legislation governing the corporate income tax base calculation. The tax is recognized in the income statement, except insofar as it relates to items recognized directly in equity, in which case, it is also recognized in equity.

Tax credits and deductions and the tax effect of applying tax-loss carry forward that have not been capitalised are treated as a reduction in the corporate income tax expense for the year in which they are applied or offset.

The calculation of income tax expense did not require the use of significant estimates except in tax credits recognized in the year, which was at all times consistent with the annual financial statements.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated annual accounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred taxes on temporary differences are recognized except in those cases where the Company can control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets deriving from the carry forward of unused tax credits and unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the tax assets can be utilised. In the case of investment tax credits the counterpart of the amounts recognized is the deferred income account. The tax credit is accrued as a decrease in expense over the period during which the items of property, plant and equipment that generated the tax credit are depreciated, recognizing the right with a credit to deferred income.

b. Pension benefits

The present value of the Company pension obligations depends on a series of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Company considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation. Other key assumptions for employee benefits are based in part on current market conditions.

5. Segment information

Mr. Ander Álvarez, the Chief Executive Officer (CEO) of Mahindra CIE Automotive Ltd is the company's decision making executive. The CEO reviews the company's internal financial information for the purpose of evaluating performance and assigning resources to segments. The company has determined the operating segment based on structure of reports reviewed by CEO. Operation of company comprises a single business and geographical segment i.e. automotive component manufactured in India.

6. First time adoption Ind AS

These financial statements, for the period from 1st January, 2016 to 31st December, 2016, are the first financial statements prepared by the Company in accordance with Ind AS. For periods up to and including the period ended 31st December, 2015, the Company prepared its financial statements in accordance with accounting standards specified under Companies (Accounting Standards) Rules, 2006 as amended ('previous GAAP').

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on or after 31st December, 2016, together with the comparative period data as at and for the 9 month period ended 31st December, 2015, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1st April, 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Previous GAAP financial statements, including the balance sheet as at 1st April, 2015 and the financial statements as at and for the period ended 31st December, 2015 to Ind AS.

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS.

The Company has applied the following exemptions:

1. Property, Plant and Equipment, other than investment property, were carried in the statement of financial position prepared in accordance with previous GAAP on 31st March, 2015. The Company has elected to regard carrying values as at 31st March, 2015 as deemed cost at the date of transition. The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at 1st April, 2015, the date of transition to Ind AS and as of 31st December, 2015.
2. A first-time adopter is encouraged, but not required, to apply Ind AS 102 Share-based payment to equity instruments that vested before date of transition to Ind AS. The Company has granted equity settled stock options and has followed intrinsic value method for accounting. As at 1st April, 2015 certain options are outstanding and certain option have vested but have not exercised. The Company has decided to apply Ind AS 102 prospectively.
3. An entity is required to account for its investment in subsidiary, joint ventures associates either:
    a. At cost or
    b. In accordance with Ind AS 109

Such cost shall be cost as per Ind AS 27 or deemed cost. The deemed cost such an investment shall be its fair value on the date of transition to Ind As or previous GAAP carrying amount at that date. The company has elected to measure its investment in subsidiary at cost determined in accordance with Ind AS 27 i.e. Original cost of investment in subsidiaries.

Effect of Ind AS adoption for Balance Sheet

The effect of the Company's transition to Ind AS is summarized in this note as follows:

(i) Transition elections;

(ii) Reconciliation of equity and P&L as previously reported under Indian GAAP to Ind AS;

(iii) Adjustments to the statement of cash flows.

(i) Transition elections

Share-based payment transactions

A first-time adopter is encouraged, but not required, to apply Ind AS 102 Share-based payment to equity instruments that vested before date of transition to Ind AS. The Company has granted equity settled stock options and has

(₹ in Million)

followed intrinsic value method for accounting. As at 1st April, 2015 certain options are outstanding and certain option have vested but have not exercised.

The Company has decided to apply Ind AS 102 prospectively.

Investments in subsidiaries, joint ventures and associates

When an entity prepares separate financial statements, Ind AS 27 requires it to account for its investments in subsidiaries, joint ventures and associates either:

a) at cost; or

b) in accordance with Ind AS 109.

If a first-time adopter measures such an investment at cost in accordance with Ind AS 27, it shall measure that investment at one of the following amounts in its separate opening Ind AS Balance Sheet:

a) cost determined in accordance with Ind AS 27; or

b) deemed cost. The deemed cost of such an investment shall be its:

   i. fair value at the entity's date of transition to Ind AS in its separate financial statements; or

   ii. previous GAAP carrying amount at that date.

MCIE has elected to account for investments in subsidiaries at cost in accordance with Ind AS 27 and will measure the investments at deemed cost i.e. previous GAAP carrying amounts as at the date of transition.

Equity shares are non-monetary items and non-monetary items are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction (accordingly these are not required to be translated at year-end rates).

(ii) Reconciliation of equity and P&L as previously reported under Indian GAAP to Ind AS

	As at 1st April, 2015 (Transition Date)	**As at 31st December, 2015 (end of the last period Accounts was presented under previous GAAP)**
As reported under previous GAAP		
Equity Share Capital	3,229.8	3,233.3
Other Equity	19,855.5	20,229.0
Ind AS adjustments increase (decrease)		
Provisions for Doubtful debts on expected loss method	(9.2)	(9.6)
Others (Sales Tax Deferral)	(12.1)	(13.5)
Actuarial Gain/(loss)	-	9.0
Deferred Tax on above	3.1	(5.3)
Total	23,067.1	23,442.9

Reconciliation of profit

Particulars	**31st December, 2015**
Profit / (loss) as per previous GAAP	308.5
Ind AS: Adjustments increase/(decrease)	
Provision for doubtful debts	(5.9)
Actuarial (gain)/loss recognized under OCI	(0.2)
Others (Sales Tax Deferral)	(1.0)
Net profit for the period under Ind AS	301.3
Other Comprehensive(Income)/ Expenses	5.9
Total Comprehensive Income	307.3

There are no other material adjustments in any other financial statement line items.

(₹ in Million)

(iii) Adjustments to the statement of cash flows – No material adjustment with respect to previous GAAP cash flow, except bank overdrafts repayable on demand, under Ind AS forms an integral part of the cash management process and are included in cash and cash equivalents for the purpose of presentation of statement of cash flows. The reconciliation is provided in the statement of cash flow.

7. Property, plant and equipment and Capital Work in Progress

Tangible Assets and Capital work in Progress

Description of Assets		Land - Freehold	Buildings - Freehold	Buildings - Leasehold	Plant and Equipment - Freehold	Office Equipment	Furniture and Fixtures	Vehicles	Computers and EDP equipment	Total	CWIP
I.	**Gross Carrying Amount**										
	Balance as at 1st January, 2016	365.4	1,229.1	29.1	4,025.7	15.8	34.2	36.5	30.7	5,766.4	-
	Additions	13.9	34.4	1.7	475.0	3.6	1.2	11.5	5.0	546.3	-
	Disposals	(14.0)	-	(0.1)	(10.5)	(0.0)	-	(3.9)	(1.8)	(30.3)	-
	Balance as at 31st December, 2016	365.3	1,263.5	30.7	4,490.2	19.3	35.5	44.1	33.9	6,282.4	-
II.	**Accumulated depreciation and impairment**										
	Balance as at 1st January, 2016	-	50.1	3.1	454.8	3.6	6.2	5.5	6.2	529.6	-
	Depreciation expense for the year	-	68.5	4.0	592.9	4.1	7.6	7.3	8.1	692.5	-
	Eliminated on disposal of assets	-	-	(0.0)	(8.3)	-	-	(0.9)	(1.8)	(11.1)	-
	Balance as at 31st December, 2016	-	118.6	7.1	1,039.4	7.7	13.8	11.9	12.6	1,211.0	-
III.	**Net carrying amount (I-II)**	365.3	1,144.9	23.6	3,450.8	11.6	21.7	32.3	21.4	5,071.4	61.0

Tangible Assets and Capital work in Progress

Description of Assets		Land - Freehold	Buildings- Freehold	Buildings - Leasehold	Plant and Equipment - Freehold	Office Equipment	Furniture and Fixtures	Vehicles	Computers and EDP equipment	Total	CWIP
I.	**Gross Carrying Amount**										
	Balance as at 1st April, 2015	314.6	1,067.8	23.3	3,374.8	12.3	31.7	34.3	26.9	4,885.8	-
	Additions	50.7	161.3	6.1	710.6	3.5	2.6	5.0	3.9	943.7	-
	Disposals	-	-	(0.3)	(59.8)	(0.1)	(0.1)	(2.8)	(0.0)	(63.0)	-
	Balance as at 31st December, 2015	365.4	1,229.1	29.1	4,025.7	15.8	34.2	36.5	30.7	5,766.4	-
II.	**Accumulated depreciation and impairment**										
	Balance as at 1st April, 2015	-	-	-	-	-	-	-	-	-	-
	Depreciation expense for the year	-	50.1	3.2	455.1	3.6	6.3	5.6	6.2	530.0	-
	Eliminated on disposal of assets	-	-	(0.0)	(0.3)	(0.0)	(0.0)	(0.1)	-	(0.5)	-
	Balance as at 31st December, 2015	-	50.1	3.1	454.8	3.6	6.2	5.5	6.2	529.6	-
III.	**Net carrying amount (I-II)**	365.4	1,179.0	26.0	3,570.9	12.1	28.0	31.0	24.5	5,236.9	221.2

Notes to the Standalone Financial Statements as at and for the year ended 31st December, 2016

(₹ in Million)

8. Intangible assets

The details and movements of the main classes of intangible assets are shown below:

2016:

Description of Assets	Technical Knowhow	Computer Software	Total
I. Gross Carrying Amount			
Balance as at 1st January, 2016	21.70	37.40	59.10
Additions	-	2.20	2.20
Balance as at 31st December, 2016	**21.70**	**39.60**	**61.30**
II. Accumulated depreciation and impairment			
Balance as at 1st January, 2016	1.00	7.20	8.20
Amortization expense for the year	6.90	10.90	17.80
Balance as at 31st December, 2016	**7.90**	**18.10**	**26.00**
III. Net carrying amount (I-II)	**13.80**	**21.50**	**35.30**

2015:

Description of Assets	Technical Knowhow	Computer Software	Total
Intangible Assets			
I. Cost			
Balance as at 1st April, 2015	-	21.00	21.00
Additions	21.70	16.40	38.10
Balance as at 31st December, 2015	**21.70**	**37.40**	**59.10**
II. Accumulated depreciation and impairment			
Balance as at 1st April, 2015	-	-	-
Amortisation expense for the year	1.00	7.20	8.20
Balance as at 31st December, 2015	**1.00**	**7.20**	**8.20**
III. Net carrying amount (I-II)	**20.70**	**30.20**	**50.90**

Notes to the Standalone Financial Statements as at and for the year ended 31st December, 2016

9. Investments

(₹ in Million)

		As at 31st December, 2016			As at 31st December, 2015			As at 1st April, 2015		
		QTY	**Amounts Current**	**Amounts Non Current**	QTY	Amounts* Current	Amounts Non Current	QTY	Amounts Current	Amounts Non Current
A	Investment in equity instruments (Quoted-fully paid up)									
B	**i. Investment in equity instruments (unquoted-fully paid up)**									
	Subsidiary Companies (100% Ownership)									
	Stokes Group Limited (UK)	**15,465,310**		**901.9**	15,465,310		901.9	15,465,310		901.9
	Mahindra Forgings International Limited (Mauritius)	**82,753,001**		**5,028.9**	80,070,001		4,838.5	79,910,001		4,827.2
	Mahindra Forgings Global Limited (Mauritius)	**33,949,836**		**1,963.9**	33,849,836		1,963.9	33,849,836		1,963.9
	UAB CIE Galfor SA (Spain)	**5,550**		**5,088.6**	5,550		5,088.6	5,550		5,088.6
	Mahindra Gear Global Limited (Mauritius)	**22,935,949**		**1,945.2**	22,935,949		1,945.2	22,935,949		1,945.2
	Mahindra Gears and Transmissions Private Limited (India)	**15,112,455**		**1,059.4**	15,112,455		1,059.4	11,586,361		793.7
	Bill Forge Private Limited (India)	**1,171,207**		**13,027.9**						
	ii. Others									
	The Saraswat Cooperative Bank Limited	**2,550**		**-***	2,550		-*	2,550		-*
	Sub Total unquoted equity investments (B)			**29,015.8**			15,797.5			15,520.5
C	Investment in preference instruments (unquoted-fully paid up)									
	Subsidiary Companies									
	Mahindra Forgings International Limited (Mauritius)	**9,000,000**		**644.7**	9,000,000		650.6	9,000,000		608.9
	Sub Total unquoted preference investments (C)			**644.7**			650.6			608.9
D	Investments in Mutual Funds (unquoted) (At fair Value though Profit and Loss)									
	ICICI Prudential Money Market Fund- Regular Plan Dividend					-		829,402	83.0	
	ICICI Prudential Interval Fund III Quarterly Interval Fund Growth					-		2,694,128	40.0	
	Sundaram Money Regular Fund Dividend					-		4,495,358	45.4	
	HDFC Liquid Fund Dividend					-		5,611,848	57.6	
	HSBC Cash Fund Dividend					-		83,900	83.9	

Notes to the Standalone Financial Statements as at and for the year ended 31st December, 2016

(₹ in Million)

	As at 31st December, 2016			As at 31st December, 2015			As at 1st April, 2015		
	QTY	**Amounts Current**	**Amounts Non Current**	QTY	Amounts* Current	Amounts Non Current	QTY	Amounts Current	Amounts Non Current
Axis Liquid Fund Dividend				1,00,404	100.5		34,114	34.1	
Axis Liquid Fund – Growth	**28,206**	**50.0**							
Taurus Liquid Fund Existing Plan - Super Institutional Dividend				2,15,640	215.7		91,415	91.4	
L&T Liquid Fund Dividend					-		57,478	58.1	
AXIS Short Term Fund				4,888,235	50.1			-	
AXIS Treasury Advantage Fund				49,800	50.0			-	
ICICI Liquid Plan	**253,492**	**60.0**		459,853	101.1			-	
ICICI Money Market Fund				464,084	95.3			-	
ICICI Flexible Income Plan				178,508	50.1			-	
SBI Mutual Fund Short Term Debt Fund	**4752,386**	**90.0**							
Barclays Bank Portfolio Investment	**-**	**106.2**							
Total quoted Investments	**-**			-	-		-	-	
Total unquoted investments		**306.2**	**29,660.5**			16,448.1		493.3	16,129.4
Total impairment value for investments (E)			**(901.9)**			(901.9)			(901.9)
Total investments – carrying value		**306.2**	**28,758.6**		662.8	15,546.2		493.3	15,227.5
Total investments quoted – market value		**-**	-		662.8			493.7	

*Amount less than ₹ 0.1 Million

Note:

1. During the year the Company acquired the share holding of Bill Forge Private Limited (BF), a Company registered in India and is in business of manufacture of forgings to customers from the existing shareholders. BF is a 100% subsidiary of the Company.

2. The Company's subsidiary, Stokes Group Limited, UK had incurred losses and the net-worth of the said subsidiary company has eroded during the earlier year and accordingly the Company has in earlier years recognised a provision for diminution in the value of the investment of ₹ 901.9 Million representing the entire value of investment.

3. The Company has invested in Mahindra Forgings Europe AG (MFE AG), Germany through its wholly owned subsidiaries in Mauritius namely Mahindra Forgings International Limited (MFIL) and Mahindra Forgings Global Limited (MFGL). After the significant decline in demand due to economic downturn in Europe and some one-time costs due to one plant closure, which affected the result of the last 2 years, the market demand is expected to show a gradual recovery during next year. Action initiated by the new management team such as improving operational efficiencies, close monitoring, improving price realisation and reduction of people, under active guidance and supervision of CIE Automotive S.A, the ultimate parent company, will start yielding results in 2017. In view of the future performance of MFE AG and its subsidiaries, the Company is of the view that, there is no diminution other than temporary in the Company's investments of ₹ 7,637.5 in MFIL and MFGL.

(₹ in Million)

10. Trade and other receivables

	As at 31st December, 2016 Current	As at 31st December, 2015 Current	As at 31st December, 2015 Current
Trade receivables			
(a) Secured, considered good		-	-
(b) Unsecured, considered good	**2,430.7**	2,302.7	2,456.4
(c) Doubtful	**87.7**	88.7	233.8
Less: Allowance for Credit Losses	**87.7**	88.7	233.8
	2,430.7	2,302.7	2,456.4
Of the above, trade receivables from:			
- Related Parties	**1,044.3**	877.3	725.8
- Others	**1,386.4**	1,425.4	1,730.6
	2,430.7	2,302.7	2,456.4

Movement of provision for trade receivable:

Particulars	**Total**
Opening Balance 01.04.2015	**233.8**
Addition	**0.4**
Transfer	**(145.5)**
Closing Balance 31.12.2015	**88.7**
Addition	**12.5**
Reversal	**(13.6)**
Closing Balance 31.12.2016	**87.7**

11. Other Assets

	As at 31st December, 2016		As at 31st December, 2015		As at 1st April, 2015	
	Current	**Non Current**	Current	Non Current	Current	Non Current
(a) Capital advances	**-**	**38.6**	-	75.2	-	90.6
(b) Advances other than capital advances	**-**	**-**	-	-	-	-
(i) Security Deposits	**-**	**309.4**	-	307.7	-	304.4
(ii) Advances to related parties	**-**	**-**	-	-	-	-
(iii) Balances with government authorities (other than income taxes)	**239.9**	**-**	249.1	-	203.5	-
(iv) Other advances	**323.3**	**466.6**	222.2	437.5	166.9	359.9
	563.2	**814.6**	471.3	820.4	370.4	754.9

12. Inventories

	As at 31st December, 2016	As at 31st December, 2015	As at 1st April, 2015
(a) Raw materials	**251.4**	268.8	314.2
(b) Work-in-progress	**408.9**	458.4	462.4
(c) Finished and semi-finished goods	**323.7**	320.2	347.6
(d) Stores and spares	**304.5**	300.7	254.0
(e) Loose Tools	**128.7**	165.0	146.6
Total Inventories	**1,417.2**	1,513.1	1,524.7
Included above, goods-in-transit:			
(i) Raw materials	**30.8**	22.7	25.6
(ii) Finished and semi-finished goods	**29.0**	13.2	40.6
Total goods-in-transit	**59.8**	35.9	66.2

(₹ in Million)

The carrying amount of work in progress and finished goods includes the following provisions for obsolescence, the movement in which is presented below:

At 1st April, 2015	76.6
Additions	17.4
Write-back	(17.7)
At 31st December 2015	76.2
Additions	15.8
Write-offs/ transfers	(11.0)
At 31st December, 2016	**81.0**

13. Cash and cash equivalent

Cash and other cash equivalents as at 31st December, 2016 and 31st December, 2015 break down as follows:

Particulars	**As at 31st December, 2016**	As at 31st December, 2015	As at 1st April, 2015
Cash and cash equivalents	**101.4**	125.8	21.7
(a) Balances with banks	**2.6**	-	6.3
(b) Cheques, drafts on hand	**0.4**	0.8	1.0
(c) Cash on hand		0.4	0.8
Total Cash and cash equivalent	**104.4**	126.6	29.0
Other Bank Balances			
(a) Earmarked balances with banks	**0.5**	4.6	4.7
(b) Balances with Banks:			
(i) On Margin Accounts	**22.9**	125.4	22.1
(i) Fixed Deposits with maturity greater than 3 months	**-**	-	0.1
Total Other Bank balances	**23.4**	130.0	26.9
Total cash, cash equivalents and bank balances	**127.8**	256.6	55.9

14. Equity Share capital

	31st December, 2016		31st December, 2015		1st April, 2015	
	No. of shares	**Amount**	No. of shares	Amount	No. of shares	Amount
Authorised:						
Equity shares of ₹ 10/- each with voting rights	**486,942,621**	**4,869.4**	395,000,000	3,950.0	395,000,00	3,950.0
4% Non-cumulative redeemable Preference shares of ₹ 31/- each	**5**	**-***	29,658,916	919.4	29,658,916	919.4
Issued:						
Equity shares of ₹ 10/- each with voting rights	**378,089,210**	**3,781.0**	323,336,993	3,233.4	322,977,207	3,229.8
Issued, Subscribed and Paid Up:						
Equity shares of ₹ 10/- each with voting rights	**378,088,265^**	**3,780.9**	323,336,048^	3,233.3	322,976,262^	3,229.8

*Value less than ₹ 50,000

** EGM held on 13th Oct 2016 shareholders approved reclassification of authorised share capital. Existing authorised capital of ₹ 4,869,426,365/- into 486,942,621 equity share @10 each and 5 (4% Non-cumulative Redeemable preference shares ₹ 31)

^Mahindra Composites Limited which was merged with the company in the previous year had issued 1050 equity shares and not allotted the same to the shareholders. Based on the swap ratio the Company has issued 945 equity shares and not allotted the same and the same has been kept in abeyance.

(₹ in Million)

Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars		Opening Balance	Fresh Issue	Bonus	ESOP	Other Changes (give details)	Closing Balance
Equity Shares with Voting rights							
Year Ended 31st December, 2016	No. of Shares	323,336,048	**54,491,563**		**260,654**		**378,088,265**
	Amount in ₹ Million	3,223.3	**544.9**		**2.7**		**3,780.9**
Year Ended 31st December, 2015	No. of Shares	322,976,262			359,786		323,336,048
	Amount in ₹ Million	3,229.8			3.6		3,233.4
Period Ended 1st April, 2015	No. of Shares	322,976,262					322,976,262
	Amount in ₹ Million	3,229.8					3,229.8

Details of shares held by the holding Company, the ultimate holding Company, their subsidiaries and associates

	Equity Shares with Voting rights
As at 31st December, 2016	
Participaciones Internacionales Autometal, Dos S.L. (PIA2), the holding Company	194,267,537
As at 31st December, 2015	
Participaciones Internacionales Autometal, Dos S.L. (PIA2), the holding Company	171,767,537
As at 1st April, 2015	
Participaciones Internacionales Autometal, Dos S.L. (PIA2), the holding Company	171,767,537

Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	**31st December, 2016**		31st December, 2015		1st April, 2015	
	Number of shares held	**% holding in that class of shares**	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights						
Parricipaciones Internacionales Autometal, Dos S.L. (PIA2)	**194,267,537**	**51.4**	171,767,537	53.1	171,767,537	53.2
Mahindra & Mahindra Ltd.	**-**	**-**	-	-	65,271,407	20.2
Mahindra Vehicle Manufacturing Limited(MVML)	**65,271,407**	**17.3**	65,271,407	20.2	-	-

Note

PIA2 is a 100% subsidiary of CIE Automotive SA ("CIE") a company incorporated in Spain (the ultimate holding company of the company)

CIE is an associate of M&M which hold beneficial interest of 12.44% in CIE.

M&M transferred its entire shareholding in the Company to its subsidiary MVML on 30th December, 2015.

Other than as indicated above there are no shareholders each holding more than 5% of the shares in the Company.

(₹ in Million)

15. Reserves & surplus, other reserves

(i) Securities premium reserve

	31st December, 2016	31st December, 2015	1st April, 2015
Opening balance	**4,987.0**	4,949.8	4,949.8
Addition on Exercise of options	**22.8**	37.2	-
Other (preferential allotment)	**10,069.6**	-	-
Closing balance	**15,079.4**	4,987.0	4,949.8

(ii) Equities settled employees benefits reserve

	31st December, 2016	31st December, 2015	1st April, 2015
Opening balance	**13.9**	27.9	27.9
Deferred employee expenses	**(95.7)**	0.2	-
Granted to employees	**166.9**	-	-
Less:-			
Forfeiture of options		1.4	-
Options exercised during the year	**11.6**	12.8	-
Closing Balance	**73.5**	13.9	27.9

(iii) Retained earnings

	31st December, 2016	31st December, 2015	1st April, 2015
Retained Earnings – Profit & Loss			
Opening Balance	**2,035.6**	1,722.4	1,740.5
Add:-			
Profit/(loss) for the year	**514.4**	313.2	-
Any other changes	**3.6**	-	(18.1)
Closing balance	**2,553.7**	2,035.6	1,722.4
Retained Earnings – Other Comprehensive Income			
Opening Balance	**(5.9)**	-	-
During the year	**(19.0)**	(5.9)	-
Closing Balance	**(24.9)**	(5.9)	-

(iv) Capital and general reserves

	31st December, 2016	31st December, 2015	1st April, 2015
Capital Reserve	**6,386.3**	6,386.3	6,386.3
General Reserve	**6,535.8**	6,535.8	6,535.8
Other Reserve (Capital Redemption Reserve)	**164.6**	164.6	164.6

(v) Other reserves – Investment (currency translation reserve)

	31st December, 2016	31st December, 2015	1st April, 2015
Opening Balance	**92.4**	50.6	50.6
Other (restatement of preferential investment)	**(6.0)**	41.8	-
Closing Balance	**86.4**	92.4	50.6

Nature and purpose of Reserves

Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilized in accordance with the provisions of the law.

Equities settled employees' benefits reserve

The Equities settled employees benefits reserve is used to recognize the grant date fair value of options issued to employees under the MCIE Stock Options Scheme.

(₹ in Million)

Number of tranches of share based payments

Particulars	Number of Shares	Expiry Date	Exercise Price	Fair value at Grant Date
Equity Settled				
1 Granted on 22nd February, 2016	1,241,280	22nd Feb 2019	150	106.16
2 Granted on 12th December, 2016	350,000	12th Dec 2019	150	100.36

Movement of Share Option

Date	Opening Balance		Granted during the period		Forfeited during the period	Exercised during the period	Expired during the period		Outstanding at the end of the period	Exercisable at the end of the period
	Number of Shares	Weighted average exercise price	Number of Shares	Weighted average exercise price	Number of Shares	Number of Shares	Number of Shares	Weighted average exercise price	Number of Shares	Number of Shares
On 26th October, 2007	26,250	197.00			15,250	11,000	0	197.00	-	-
On 26th February, 2008	39,500	83.00			-	33,750	0	83.00	5,750	6,250
On 26th February, 2008	5,000	197.00			2,000	-	0	197.00	3,000	2,500
On 9th May, 2008	38,675	152.00			25,025	-	0	152.00	13,650	13,650
On 29th July, 2008	41,595	102.00			26,330	-	0	102.00	15,265	15,265
On 26th August, 2008	80,400	109.00			4,000	46,700	0	109.00	29,700	29,700
On 12th May, 2010	8,000	97.00			-	8,000	0	97.00	-	-
On 1st April, 2011	461,583	57.00			179,128	54,355	0	57.00	228,100	228,100
On 20th January, 2012	105,509	44.00			22	103,369	0	44.00	2,118	2,118
On 31st July, 2009	15,618	52.66			12,138	3,480	0	52.66	-	-
On 18th August, 2006	-	34.86			-	-	0	34.86	-	-
On 25th October,2007	42,600	25.70			42,600	-	0	25.70	-	-
On 22nd February, 2016			1,241,280	150	16,670	-	0	150.00	1,224,610	-
On 12th December, 2016			350,000	150	-	-	0	150.00	350,000	-

Capital reserve

Capital reserve is reserves generated out of merger under The Integrated Scheme of Amalgamation and the Composite Scheme of Amalgamation (Sections 391-395 of the Companies Act, 1956) for the merger of Mahindra Ugine Steel Group Limited (MUSCO), Mahindra Hinoday Industries Limited (MHIL),Mahindra Gears International Limited (MGIL), Mahindra Investment India Private Limited (MIIPL), ParticipacionesInternacionales S.L.(PIA3) and Mahindra Composites Limited (MCL). The merger was approved by the Honorable High Court of Judicature at Bombay on 31st October, 2014. The Schemes came into effect on 10th December, 2014, the day on which the order was delivered to the Registrar of Companies. The reserve is capital in nature and is not available for distribution as dividend.

General reserve

General reserve is revenue reserve created by virtue of merger of Mahindra Stokes Holding Company Limited (MSHCL), Mahindra Forgings Overseas Limited(MFOL) and Mahindra Forgings Mauritius Limited into the Company vide High Court Order dated 27th December, 2007 and is reserve available for distribution as dividend.

Capital redemption reserve

Capital redemption reserve is transferred by virtue of the merger referred to above which was in the books of Mahindra Ugine Steel Company Limited(MUSCO) and was created to redeem preference shares issued by MUSCO before merger. These shares have since been redeemed and this reserve is available for distribution.

Other reserves – Investment currency translation reserve

Exchange differences arising on translation of the investment in the redeemable preference capital in the Company's subsidiary are recognized as a Reserve are accumulated in a separate reserve with equity with suitable adjustments in the value of the investment. The cumulative amount will be reclassified to profit or loss when the net investment is redeemed.

Other reserves – actuarial gain / loss reserve

Change in liability of defined benefit plans for the employees due to change in actuarial assumptions is debited or credited to this reserve account.

(₹ in Million)

Share based payment

16. Borrowings

	Rate of Interest	Maturity	**31st December, 2016**	31st December, 2015	1st April, 2015
Measured at amortised cost					
A. Secured borrowings:					
(a) Bonds / debentures					
(b) Term loans					
(1) From Banks			**-**	-	46.0
(2) From Others Parties			**-**	-	-
Total secured borrowings			**-**	-	46.0
B. Unsecured Borrowings - at amortised Cost					
Loans from related parties			**-**	-	10.8
Total unsecured Borrowings			**-**	-	10.8
Total non-current borrowings			**-**	-	56.8
Current Borrowings					
A. Secured Borrowings					
(a) Loans repayable on demand					
(1) From Banks			**1,202.6**	2.2	**-**
(2) From other Parties					
Total Secured Borrowings			**1,202.6**	2.2	**-**
B. Unsecured Borrowings					
(b) Loans from related parties				-	**-**
(d) Other Loans			**181.9**	110.5	**158.7**
Total Unsecured Borrowings			**181.9**	110.5	**-**
Total Current Borrowings			**1,384.5**	112.7	**158.7**
Total non-current+current borrowings			**1,384.5**	112.7	**215.5**

The Company's policy is to diversify its financing sources. There is no concentration risk in respect of its bank borrowings as it works with multiple entities.

Non-current borrowings have the following maturities:

	31st December, 2016	31st December, 2015	1st April, 2015
Between 1 and 2 years	**-**	-	56.8
Between 3 and 5 years	**-**	-	-
More than 5 years	**-**	-	-
	-	-	56.8

Secured borrowings and assets pledged as security

(a) Terms loans from banks comprised of loans pertaining to the castings and magnetic product divisions (erstwhile Mahindra Hinoday Industries Limited) of the company and the composites division (erstwhile Mahindra Composites Limited) acquired in amalgamation. During the year ended 31st December, 2015 the Company has repaid the loans.

(b) Current borrowings are secured by way of a pari passu charge on the trade receivables and inventory and second charge on the fixed assets of the Chakan plant.

Notes to the Standalone Financial Statements as at and for the year ended 31st December, 2016

(₹ in Million)

17. Trade and other payables

	31st December, 2016	31st December, 2015	1st April, 2015
	Current	Current	Current
Trade payable - Micro and small enterprises	**3.1**	88.0	16.6
Trade payable - Other than micro and small enterprises	**1,777.5**	1,684.1	1,834.6
Acceptances	**33.9**	220.4	237.3
Total	**1,814.5**	1,992.6	2,088.5

Note:

The identification of suppliers as micro and small enterprises covered under the "Micro Small and Medium enterprises development Act 2006' was done on the basis of the information to the extent provided by the supplier to the company. Total outstanding due to micro and small enterprises, which were outstanding for more than stipulated period are given below.

Dues remaining unpaid	31st December, 2016	31st December, 2015
Principle	**1.8**	89.1
Interest for the current year	**0.2**	0.4
Interest paid in terms of section 16 of the Act	**(0.4)**	(2.6)
Amount of int. due and payable for period of delay in payment made beyond the appointed day during the period	**0.5**	0.5
Amount of interest accrued and remaining unpaid	**1.0**	0.6
Total	**3.1**	88.0

18. Other financial liabilities

	31st December, 2016	31st December, 2015	1st April, 2015
Current			
(a) Current maturities of long-term debt	**-**	67.8	159.6
(b) Interest accrued	**0.1**		0.3
Unclaimed Dividend	**0.9**	1.1	2.0
Unclaimed Fractional coupon share			
Deposits received			
Deferred payment liabilities *	**41.6**	42.4	40.9
(c) Other liabilities	**0.5**	4.6	4.7
Creditors for capital supplies/services	**68.5**	95.5	86.2
Retention Money	**24.4**	16.8	20.6
Total	**136.0**	228.2	314.3

*Sales tax deferral is payable in annual instalments commencing from 2009-10 to 2020-2021.

19. Provisions

Details of Provision for employee benefits and Other Provision:

	31st December, 2016		31st December, 2015		1st April, 2015	
	Current	**Non Current**	Current	Non Current	Current	Non Current
Provision for Gratuity (Refer Note 30)	**42.1**	**55.4**	35.0	39.3	44.1	32.1
Other Provisions						
Provision for compensated absences	**23.2**	**143.7**	24.9	138.0	20.6	122.0
Provision for voluntary retirement scheme	**3.9**	**11.0**	9.6	11.0	10.7	16.8
Total	**69.2**	**210.1**	69.5	188.3	75.4	170.9

(₹ in Million)

Details of movement in other provisions

	Other Provisions Current	Other Provisions Non Current
Balance at 1st April, 2015	31.3	138.8
Exchange difference		
Additional provisions recognized/used	3.2	10.2
Balance at 31st December, 2015	34.5	149.0
Additional provisions recognized/used	(7.4)	5.7
Balance at 31st December, 2016	27.1	154.7

20. Deferred taxes

(₹ in Millions)

	For the Year ended 31st December, 2016				
	Opening Balance	**Recognised in profit and Loss**	**Reclassified from equity to profit and loss**	**Recognised in OCI**	**Closing Balance**
Tax effect of items constituting deferred tax liabilities					
Property, Plant and Equipment	435.0	8.4			443.4
	435.0	8.4	-	-	443.4
Tax effect of items constituting deferred tax assets					
Employee Benefits					
Equity-Settled Share Based payments					
Provisions	44.6	(12.0)	-		32.6
Carry forward Tax Loss	10.7	(10.7)	-		-
Minimum Alternate Tax Credit					
Other Temporary Differences	129.3	30.0	-	10.3	169.6
	184.6	7.5	-	10.3	202.2
Net Tax Asset (Liabilities)	250.4	0.9	-	(10.3)	241.2

	For the 9 months ended 31st December, 2015				
	Opening Balance	**Recognised in profit and Loss**	**Reclassified from equity to profit and loss**	**Recognised in OCI**	**Closing Balance**
Tax effect of items constituting deferred tax liabilities					
Property, Plant and Equipment	412.7	22.3	-	-	435.0
	412.7	22.3	-	-	435.0
Tax effect of items constituting deferred tax assets					
Employee Benefits	-	-	-	-	
Equity-Settled Share Based payments	-	-	-	-	
Provisions	81.3	(36.7)	-	-	44.6
Deferred income	-	-	-	-	-
Other Items (unabsorbed depreciation)					
Carry forward Tax Loss	43.0	(32.3)			10.7
Minimum Alternate Tax Credit					
Other Temporary Differences	125.8	0.4	-	3.1	129.3
	250.1	(68.7)	-	-	184.6
Net Tax Asset (Liabilities)	162.6	90.9	-	(3.1)	250.4

Deferred income tax assets are recognised for tax loss carry-forwards and unused tax credits to the extent that the realisation of the related tax benefit through future taxable profits is probable, being its estimated recoverability less than 10 years.

(₹ in Million)

21. Corporate income tax expense

(i) Income Tax recognised in Profit or loss

	Year ended 31st December, 2016	9 month period ended 31st December, 2015
Current Tax:		
In respect of current year	**273.4**	98.5
In respect of prior years		
Unrecognised tax loss used to reduce current tax expense		
Others		
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**0.9**	87.8
Unrecognised tax loss used to reduce deferred tax expense		
Deferred Tax reclassified from equity to profit or loss		
Adjustments due to changes in tax rates		
Write down / Reversal of previous write-downs of deferred tax assets		
Others		
Total income tax expense on continuing operations	**274.3**	186.3

(ii) Income tax recognised on Other comprehensive income

	Year ended 31st December, 2016	9 month period ended 31st December, 2015
Deferred tax related to items recognised in other comprehensive income during the year:		
Cash flow hedges		
Net fair value gain on investments in debt instruments at FVTOCI		
Net fair value gain on investments in equity shares at FVTOCI		
Re-measurement of defined benefit obligations	**10.0**	3.1
Revaluation of Property plant and Equipment		
Total	**10.0**	3.1

(iii) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

	Year ended 31st December, 2016	9 month period ended 31st December, 2015
Profit before tax from continuing operations	**788.8**	499.4
Income tax expense calculated at 34.608% (2015: 34.608%)	**273.0**	172.8
Effect of income that is exempt from taxation	**(9.8)**	(6.2)
Effect of expense es that is non-deductible in determining taxable profit	**24.2**	(53.2)
Effect of tax incentives and concessions (research and development and other allowances)	**(13.9)**	(15.0)
Changes in recognised deductible temporary differences	**0.9**	**87.9**
Income tax expense recognised In profit or loss from continuing operations	**274.3**	**186.3**

(₹ in Million)

22. Other liabilities

	31st December, 2016 Current	31st December, 2016 Non-Current	31st December, 2015 Current	31st December, 2015 Non-Current	1st April, 2015 Current	1st April, 2015 Non-Current
a. Advances received from customers	**160.1**	**-**	161.3	-	105.5	-
b. Deferred Revenue						
- Deferred Government grant related to assets	**-**	**88.4**	-	149.6	-	217.1
- Other Deferred Revenues	**-**	**-**	-	-	-	-
c. Statutory dues						
- Taxes payable (other than income taxes)	**191.5**	**-**	117.2	-	63.6	-
- Employee Recoveries and Employer Contributions	**228.6**	**-**	178.5	-	187.5	-
Others	**711.3**	**262.3**	567.7	262.3	617.7	36.8
Total Other Liabilities	**1,291.5**	**350.7**	1,024.7	411.9	974.3	253.9

Non-current liability includes provision for water charges of ₹ 262.3 Million towards an on-going dispute with the irrigation department (Water Resource Dept) in respect of levy of charge for use of water for the period July, 1991 to May, 2012 for an aggregate amount of ₹ 587.3 Million including penal charge of ₹ 109.9 Million and late fee charge of ₹ 223.1 Million. Presently the matter is being legally pursued. (Refer Note 31)

23. Operating income and other income

	Year ended 31st December, 2016	9 month period ended 31st December, 2015
(a) Revenue from sale of products & services (including excise duty)	**16,886.6**	12,538.2
(b) Other operating revenue	**982.3**	770.8
Total Revenue from Operations	**17,868.9**	13,309.0

24. Other Income:

	Year ended 31st December, 2016	9 month period ended 31st December, 2015
(a) Interest Income at amortised Cost	**27.6**	7.7
(b) Dividend Income		
From Investment measured at FVTPL	**32.1**	17.9
(c) Government Grants	**11.0**	**8.3**
(d) Miscellaneous income	**145.9**	**25.2**
Total Other Income	**216.6**	59.1

25. Cost of materials

Cost of material consumed

	Year ended 31st December, 2016 ₹	9 month period ended 31st December, 2015 ₹
Opening stock	**268.8**	314.2
Add: Purchases	**8,133.6**	6,221.9
	8,402.4	6,536.1
Less: Closing stock	**251.4**	268.8
Cost of materials consumed	**8,151.0**	6,267.3

(₹ in Million)

Changes in inventory of finished goods, work- in-progress, stock-in-trade

	Year ended 31st December, 2016	9 month period ended 31st December, 2015
Inventories at the end of the year:		
Finished goods	**323.6**	320.2
Work-in-progress	**408.4**	458.4
Stock-in-trade		
	732.0	778.6
Inventories at the beginning of the year:		
Finished goods	**320.2**	347.6
Work-in-progress	**458.4**	462.4
Stock-in-trade		
	778.6	810.0
Net (increase) / decrease	**46.6**	31.4

26. Employee benefit expenses

		Year ended 31st December, 2016	9 month period ended 31st December, 2015
(a)	Salaries and wages, including bonus	**1,947.2**	1,335.3
(b)	Contribution to provident and other funds	**104.6**	84.0
(c)	Share based payment transactions expenses		
	Equity-settled share-based payments*	**59.9**	(0.3)
(d)	Staff welfare expenses	**115.5**	86.0
	Total Employee Benefit Expense	**2,227.2**	1,505.0

27. Finance costs

		Year ended 31st December, 2016	9 month period ended 31st December, 2015
(a)	Interest expense	**34.2**	25.4
(b)	Other borrowing cost	**36.8**	7.2
	Total	**71.0**	32.6

28. Other expenses

		Year ended 31st December, 2016	9 month period ended 31st December, 2015
(a)	Tools & Stores consumed	**976.6**	766.9
(b)	Power & Fuel	**1,190.5**	900.1
(c)	Repairs and maintenance	**436.8**	324.7
(d)	Freight outward	**411.6**	318.0
(e)	Subcontracting, Hire and Service Charges	**505.1**	347.6
(f)	Excise duty on sale of products	**1,767.2**	1,273.8

(₹ in Million)

(g)	Expenditure on Corporate Social Responsibility (CSR) under section 135 of the Companies Act, 2013.	**3.4**	4.1
(h)	Auditors remuneration and out-of-pocket expenses		
	(i) As Auditors	**5.7**	4.9
	(ii) For Taxation matters	**1.9**	0.7
	(iii) For Other services	**0.9**	1.2
(i)	Other Expenses	**700.7**	552.1
	Total	**6,000.4**	4,494.1

29. Exceptional Items

Exceptional Items relates to one-time payment made to employees opting for early retirement under The Voluntary Retirement Scheme declared in June, 2016.

30. Defined benefits and contribution

(a) Defined Contribution plan

The Company's contribution to Provident Fund aggregating ₹ 104.6 Million (2015 ₹ 84.0 Million) has been recognised in the statement of Profit or Loss under the head Employee Benefit expenses.

(b) Defined benefit plans

(i) Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company's scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the Group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

(ii) Voluntary Retirement Scheme

One-time expenses incurred towards voluntary retirement scheme are charged off in the statement of Profit or loss. Deferred payments are fair valued through P&L.

(iii) Compensated absences

Company's liability towards leave encashment are determined using the projected Unit Credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past service cost are recognised on straight line basis over the statement of Profit or loss as income or expense. Obligation is measured at the present value of estimated future cash flow using a discount rate that is determined by reference to market yields at the Balance Sheet date on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

(c) Risks

Through its defined benefit plans the Company is exposed to risks, the most significant of which are detailed below:

(i) Asset Volatility

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets under perform compared to the government bonds discount rate, this will create or increase a deficit.

(ii) Changes in Bond Yields;

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plans' bond holdings.

(₹ in Million)

Defined benefit plans – as per actuarial valuation on 31st December, 2016

	Funded Plan		Unfunded Plans	
	Gratuity		VRS	
	2016	2015	**2016**	2015
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:				
Service Cost				
Current Service Cost	**16.7**	16.2		
Past service cost and (gains)/losses from settlements		-		
Net interest expense	**4.8**	15.3	**1.3**	1.4
Components of defined benefit costs recognised in profit or loss	**20.4**	31.5	**1.3**	1.4
Re-measurement on the net defined benefit liability				
Return on plan assets (excluding amount included in net interest expense)		(12.2)		
Actuarial gains and loss arising from changes in financial assumptions	**30.3**	9.7	**0.1**	(0.1)
Actuarial gains and loss arising from experience adjustments	**(2.4)**			
Others (describe)	**1**			
Components of defined benefit costs recognised in other comprehensive income	**28.9**	(2.5)	**0.1**	(0.1)
Total	**50.4**	29.0	**1.4**	1.3
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March				
1. Present value of defined benefit obligation as at 31st March	**311.5**	292.6	**14.8**	20.6
2. Fair value of plan assets as at 31st March	**(213.9)**	219.1		
3. Surplus/(Deficit)	**97.6**	(73.5)	**(14.8)**	(20.6)
4. Current portion of the above	**42.1**	(35.0)	**(3.9)**	(9.6)
5. Non-current portion of the above	**55.4**	(39.3)	**(10.9)**	(11.0)
II. Change in the obligation during the year ended 31st March				
1. Present value of defined benefit obligation at the beginning of the year	**291.7**	257.1	**20.6**	27.5
2. Add/(Less) on account of Scheme of Arrangement/Business Transfer				
3. Expenses Recognised in Profit and Loss Account				
- Current Service Cost	**16.7**	17.0		
- Past Service Cost				
- Interest Expense (Income)	**21.0**	14.5	**1.3**	1.4
4. Recognised in Other Comprehensive Income				
Re-measurement gains / (losses)				
- Actuarial Gain (Loss) arising from:				
i. Demographic Assumptions				
ii. Financial Assumptions	**23.4**	9.8	**0.1**	(0.1)
iii. Experience Adjustments	**(2.4)**			
5. Benefit payments	**(39.2)**	(5.8)	**(7.2)**	(8.2)
6. Others (Specify)	**0.3**			
7. Present value of defined benefit obligation at the end of the year	**311.5**	292.6	**14.8**	20.6
III. Change in fair value of assets during the year ended 31st March				
1. Fair value of plan assets at the beginning of the year	**227.7**	180.8		
2. Add/(Less) on account of Scheme of Arrangement/Business Transfer				
3. Expenses Recognised in Profit and Loss Account				
- Expected return on plan assets	**16.2**	12.2		
4. Recognised in Other Comprehensive Income	**(7.6)**	(0.1)		

(₹ in Million)

	Funded Plan Gratuity 2016	Funded Plan Gratuity 2015	Unfunded Plans VRS 2016	Unfunded Plans VRS 2015
Re-measurement gains / (losses)				
- Actual Return on plan assets in excess of the expected return				
- Others (specify)				
5. Contributions by employer (including benefit payments recoverable)	**25.5**	31.8		
6. Benefit payments	**(39.2)**	(5.8)		
7. Fair value of plan assets at the end of the year	**222.6**	219.0	**-**	-
IV. The Major categories of plan assets				
- List the plan assets by category here				
V. Actuarial assumptions				
1. Discount rate	**8.00%**	8.00%	**8.00%**	8.00%
2. Expected rate of return on plan assets	**6.75% to 9.00%**	6.75% to 9.00%	**NA**	NA
3. Attrition rate	**2% to 11%**	2% to 11%	**NA**	NA
4. Salary Escalation	**7% to 8.5%**	7% to 8.5%	**NA**	NA
5. Mortality	**Indian Assured Lives Mortality (2006-08) Ultimate**			
6. Life expectancy of person retiring at year end	**12 to 15 yrs**			

Percentage of variation of the defined benefit commitment to changes in the assumptions weighted is as follows:-

	Variation in Hypothesis	Increase in Hypothesis	Decrease in Hypothesis
Interest Rate	+/- 1.30%	7.34% to 12.73%	-6.06% to -10.83%
Growth of pensions/ Salaries	+/- 1.00%	6.24% to 11.60%	-5.19% to -10.12%

31. Contingent Liabilities and Commitments

Contingent liabilities (to the extent not provided for)	**31st December, 2016**	31st December, 2015	1st April, 2015
Contingent liabilities			
(a) Claims against the Company not acknowledged as debt			
Income Tax			
i. Income tax claims against which Company has preferred an appeal	**74.6**	77.0	73.8
ii. Disallowance of certain expenses under direct tax	**278.5**	157.4	157.4
Excise & Customs			
Excise cases against the Company, appealed by the Company with Appellate Authority	**94.5**	88.5	96.8
Excise case against the Company appealed by the Company with High Court	**48.8**	48.8	48.8
Service Tax	**66.6**	67.1	56.4
Sales Tax and VAT	**217.9**	159.0	157.9
Stamp Duty and others	**64.4**	79.8	81.2
Government cess on extraction of Minor mineral	**10.5**	10.5	10.5
Water Charges (Refer Note below)	**325.0**	325.0	507.4
The Company had imported capital goods under the Export Promotion Capital Goods (EPCG), of the Government of India, at concessional rate of duty on an understanding to fulfill quantified exports against future obligation	**30.7**	30.7	79.9
(b) Commitment			
i. Estimated amount of contracts remaining to be exhausted on capital account (net of advances) and not provided for tangible assets	**176.0**	167.3	178.1

(₹ in Million)

Water Charges:

The Company has an on-going dispute pertaining to the Stamping Division of the Company [formerly known as Mahindra Ugine Steel Company Limited (MUSCO)] with the Irrigation Department (Water Resource Department) in respect of levy of charge for use of water from Patalganga River, for the period from July, 1991 to May, 2012 for an aggregate amount of ₹ 587.3 Million including penal charge of ₹ 101.9 Million and late fee charge of ₹ 223.1 Million. Presently the matter is pending before the Hon'ble High Court of Bombay ("the Court") where the Company had filed a writ and the Court, vide Order dated 2nd July, 2012, has admitted the writ petition of the Company. In compliance with the Order admitting the Company's petition, the Company has deposited an amount of ₹ 233.5 Million with the Irrigation Department, being the arrears of water charges for the period from July, 1991 to May, 2012 and has also given a bank guarantee towards penal rate charges of ₹ 101.9 Million claimed by the Irrigation Department. The High Court has also allowed the Irrigation Department to withdraw the amount of arrears of ₹ 28.8 Million deposited earlier by the Company with it in respect of disputed water charge claim for the period from July, 1991 to March 2001. As per the Order, the Company is entitled to pursue the proceedings filed by it before the Hon'ble Bombay High Court and that the State of Maharashtra (Irrigation Department) shall not adopt any coercive steps for recovery of the aforesaid penal rate charges of ₹ 101.9 Million and the late fee of ₹ 223.1 Million.

32. Related Party Transactions

(a) Names of Related Parties

Ultimate Holding Company – CIE Automotive S.A.

Holding Company – Participaciones Internacionales Autometal, DOS S.L

(b) Names of Related Parties where transactions have taken place during the period

Subsidiary Companies

No.	Name of the Company
1	Stokes Group Limited (SGL)
2	Mahindra Forgings International Limited (MFIL)
3	Mahindra Forgings Global Limited (MFGL)
4	Mahindra Gears Global Limited (MGGL)
5	UAB CIE Galfor S.A. (Galfor)
6	Mahindra Gears and Transmissions Private Limited (MGTPL)
7	Bill Forge Private Limited (BF)
	Step Down subsidiary companies
8	Mahindra Forgings Europe AG (MFE) (subsidiary of MFIL)
9	Gesenkschmiede Schneider GmbH (subsidiary of MFE)
10	Jeco Jellinghaus GmbH (subsidiary of MFE)
11	Falkenroth Unformtechnik GmbH (subsidiary of MFE)
12	Schonoeweiss & Co GmbH (subsidiary of MFE)
13	Stokes Forgings Dudley Limited (subsidiary of SGL)
14	Stokes Forgings Limited (subsidiary of SGL)
15	CIE Legazpi S.A. (subsidiary of Galfor)
16	UAB CIE LT Forge (subsidiary of Galfor)
17	Metalcastello S.p.A (MC) (subsidiary of MGGL)
18	Crest Geartech Private Limited(subsidiary of MC)
19	Bill Forge Precision Private Limited (subsidiary of BF) w.e.f Oct 2016
20	Bill Forge Global DMCC (BFG) (subsidiary of BF) w.e.f. Oct 2016
21	Bill Forge Mexico S de RL de CV (subsidiary of BFG) w.e.f. 2016

(c) Companies exercising significant influence over the Company

Sr. No.	Name of the Company
1	Mahindra Vehicle Manufacturers Limited (MVML) (investing company in respect of which the Company is an Associate with effect from 31st December, 2015).
2	Mahindra & Mahindra Limited (M&M) (Holding Company of the investing company in respect of which the Company is an Associate).
	Subsidiary Companies of MVML
1	Mahindra Intertrade Limited
2	Mahindra Steel Service Centre Limited
3	Mahindra Auto Steel Limited
4	Mahindra Electric Vehicles Private Limited
5	Mahindra Heavy Engines Private Limited
	Fellow Subsidiary Companies of MVML
1	Mahindra Trucks & Buses Private Limited
2	Mahindra Gujarat Tractor Limited
3	Mahindra Aerospace Structures Private Limited
4	Mahindra Integrated Business Solutions Private Limited
5	NBS International Limited
6	Mahindra Sanyo Special Steels Private Limited
7	Mahindra Consulting Engineers Limited
8	Defence Land Systems Limited
9	Mahindra Naval Defence Systems Limited
10	Mahindra Contech Limited

(d) Key Managerial Personnel (KMP)

No.	Name	Designation
1	Mr. Hemant Luthra	Chairman & Executive Director
2	Mr. Ander Arenaza Álvarez (w.e.f. 26th July, 2016)	Chief Executive Officer
3	Mr. K. Ramaswami	Managing Director
4	Mr. Pedro Echergaray (till 12th September, 2016)	Executive Director
5	Mr. Sanjay Joglekar (till 30th September, 2016)	Chief Financial Officer
6	Mr. Romesh Kaul	Chief Executive - Stampings & Composites
7	Mr. K Jayaprakash (w.e.f. 24th October, 2016)	Chief Financial Officer
8	Mr. Krishnan Shankar (Pursuant to Sec 2(76) of the Companies Act, 2013)	Company Secretary & Head-Legal

Notes to the Standalone Financial Statements as at and for the year ended 31st December, 2016

(e) Transactions with Related parties during the period

(₹ in Million)

Nature of transactions with Related Parties	For the year ended	Holding Company	Entities having joint control/ significant influence over Company	Subsidiaries	Subsidiaries of Entities having joint control/ significant influence over Company	Joint Ventures	Key Managerial Personnel
Sale of goods	**31st December, 2016**		**9,014.2**	**153.1**	**471.5**		
	31st December, 2015		6,253.8	184.5	783.7		
Purchase of goods	**31st December, 2016**		**-**	**-**	**1,649.0**		
	31st December, 2015		-	-	1,946.8		
Sales of property and other assets	**31st December, 2016**		**-**	**-**	**-**		
	31st December, 2015		-	2.3	-		
Purchase of property and other assets	**31st December, 2016**		**-**	**1.3**	**-**		
	31st December, 2015		4.3	-	-		
Rendering of Services	**31st December, 2016**		**-**	**70.1**	**-**		
	31st December, 2015		-	44.4	-		
Receiving of services	**31st December, 2016**		**2.3**	**-**	**2.6**		
	31st December, 2015		0.1	1.8			
Rent Income	**31st December, 2016**		**-**	**-**	**0.7**		
	31st December, 2015		-	-	0.5		
Rent Expenses	**31st December, 2016**		**18.0**	**-**	**-**		
	31st December, 2015		13.0				
Interest paid	**31st December, 2016**	**-**	**-**	**-**	**-**		
	31st December, 2015	0.1	-	-	-		
Reimbursements Received	**31st December, 2016**	**-**	**0.7**	**-**	**-**		
	31st December, 2015		1.4	-	-		
Reimbursements Paid	**31st December, 2016**		**75.1**	**8.9**	**-**		
	31st December, 2015		75.5	4.0	-		

(f) Balances with Related parties at the end of the period

Nature of Balances with Related Parties	Balance as on	Parent Company	Entities having joint control/ significant influence over Company	Subsidiaries	Subsidiaries of Entities having joint control/ significant influence over Company	Joint Ventures	KMP of the Company and KMP of parent Company
Trade payables	31st December, 2016	-	49.5	1.7	260.0	-	-
	31st December, 2015	**-**	**36.8**	**-**	**240.7**	**-**	**-**
Trade receivables	31st December, 2016	-	941.4	88.1	14.8	-	-
	31st December, 2015	**-**	**853.3**	**21.1**	**20.9**	**-**	**-**
Loans & advances taken	31st December, 2016	-	-	-	-	-	
	31st December, 2015	**-**	**-**	**-**	**-**	**-**	**-**
Loans & advances given	31st December, 2016	-	-	-	-	-	-
	31st December, 2015	**-**	**-**	**-**	**--**	**-**	**-**
Other balances	31st December, 2016	-	5.7	-	-	-	-
	31st December, 2015	**-**	**5.7**	**-**	**-**	**-**	**-**
Managerial remuneration (Short term benefits paid)	31st December, 2016	-	-	-	-	-	122.9
	31st December, 2015	**-**	**-**	**-**	**-**	**-**	**83.6**

Notes to the Standalone Financial Statements as at and for the year ended 31st December, 2016

(₹ in Million)

33. Earnings per share

a) Calculation of basic and diluted earnings per share

Basic earnings per share are calculated by dividing the profit attributable to the parent Company's shareholders by the weighted average number of ordinary shares in the year, excluding treasury shares acquired by the parent Company.

	Year ended 31st December, 2016 ₹ Per Share	9 month period ended 31st December, 2015 ₹ Per Share
Basic earnings per share		
From continuing operations	**1.53**	0.97
From discontinuing operations	**-**	-
Total basic earnings per share	**1.53**	**0.97**
Diluted Earnings per share		
From continuing operations	**1.52**	0.97
From discontinuing operations	**-**	-
Total diluted earnings per share	**1.52**	0.97

b) The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

(i) Basic Earnings per share

	For the year ended 31st December, 2016	9 month period ended 31st December, 2015
Profit / (loss) for the year attributable to shareholders of the Company		
Profit/(loss) for the year on continuing operations used in the calculations of basic earnings per share	**514.5**	313.2
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations	**-**	-
Profits used in the calculation of basic earnings per share from continuing and discontinued operations	**514.5**	313.2
Weighted average number of equity shares	**337,156,525**	323,209,825
Earnings per share from continuing operations – Basic	**1.53**	0.97

(ii) Diluted Earnings per Share

The diluted earnings per share has been computed by dividing the Net profit after tax available for Equity shareholders by the weighted average number of equity shares, after giving dilutive effect of the outstanding Warrants, Stock options and Convertible bonds for the respective periods. Since, the effect of the conversion of Preference shares was anti-dilutive, it has been ignored.

	For the year ended 31st December, 2016	9 month period ended 31st December, 2015
Profit / (loss) for the year used in the calculation of basic earnings per share		
Profit / (loss) for the year used in the calculation of diluted earnings per share	**514.5**	313.2
Profit for the year on discontinued operations used in the calculation of diluted earnings per share from discontinued operations	**-**	-
Profits used in the calculation of diluted earnings per share from continuing operations	**515.5**	313.2
Weighted average number of equity shares used in the calculation of Basic EPS	**337,156,525**	323,209,285
Add:		
Others if a Effect of Employee Stock options	**1,430,039**	275,190
Weighted average number of equity shares used in the calculation of Diluted EPS	**338,586,564**	323,484,475
Diluted EPS	**1.52**	0.97

(₹ in Million)

34. Other information

Corporate Social Responsibility (CSR)

The Company was required to spend the sum of ₹ 16.7 Million (PY ₹10.4 Million) as part of the CSR during the year. The details of actual expenses are as under:

	Period from 1st January, 2016 to 31st December, 2016			Period from 1st April, 2015 to 31st December, 2015		
	In Cash	**Yet to be paid in Cash**	**Total**	In Cash	Yet to be paid in cash	Total
Construction of assets	-	-	-	3.2	-	3.2
On the purpose other than above	3.4	-	3.4	0.9	-	0.9

As per Report of even date

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Mumbai, 23rd February, 2017

For and on behalf of the Board of Directors of **Mahindra CIE Automotive Limited**

Hemant Luthra
Chairman & Executive Director

Ander Arenaza Álvarez
Executive Director

K. Ramaswami
Managing Director

Daljit Mirchandani
Director

Dhananjay Mungale
Director

Neelam Deo
Director

K. Jayaprakash
Chief Financial Officer

Krishnan Shankar
Company Secretary & Head-Legal

Mumbai, 23rd February, 2017

Notes to the Financial Statements as at and for the year ended 31st December, 2016

List of Subsidiaries as at 31st December, 2016

				% effective shareholding of Mahindra CIE	
Company	**Subsidiary Relationship**	**Activity**	**Registered office**	**Direct**	**Indirect**
Mahindra CIE Automotive Limited	Participaciones Internacionales Autometal Dos S.L.	Manufacture of automotive components	India		
Stokes Group Limited	Mahindra CIE Automotive Limited	Manufacture of automotive components	UK	100%	-
Stokes Forgings Limited	Stokes Group Limited	Investment Company	UK		100%
Stokes Forgings Dudley Limited	Stokes Group Limited	Investment Company	UK		100%
Mahindra Forging Global Limited	Mahindra CIE Automotive Limited.	Investment Company	Republic of Mauritius	100%	-
Mahindra Forgings International Limited (*)	Mahindra CIE Automotive Limited.	Holding Company	Republic of Mauritius	100%	-
Mahindra Forgings Europe AG (*)	Mahindra Forgings International Limited	Holding Company	Germany	-	100%
Gesenkschmiede Schneider GmbH	Mahindra Forgings Europe AG	Manufacture of automotive components	Germany	-	100%
JecoJellinghaus GmbH	Mahindra Forgings Europe AG	Manufacture of automotive components	Germany	-	100%
Falkenroth Umformtechnik GmbH	Mahindra Forgings Europe AG	Manufacture of automotive components	Germany	-	100%
Schoneweiss & Co. GmbH	Mahindra Forgings Europe AG	Manufacture of automotive components	Germany	-	100%
CIE Galfor, S.A.U. (*)	Mahindra CIE Automotive Limited.	Manufacture of automotive components	Spain	100%	-
CIE Legazpi, S.A.U.	CIE Galfor, S.A.U.	Manufacture of automotive components	Spain	-	100%
UAB CIE LT Forge	CIE Galfor, S.A.U.	Manufacture of automotive components	Lithuania	-	100%
Mahindra Gears Global Limited (*)	Mahindra CIE Automotive, Ltd.	Investing Company	Republic of Mauritius	100%	-
Metalcastello S.p.A. (*)	Mahindra Gears Global Ltd	Manufacture of automotive components	Italy	-	99.96%
Crest Geartech Limited	Metalcastello S.p.A.	Manufacture of automotive components	India	-	99.96%
Mahindra Gears Transmission Private Ltd	Mahindra CIE Automotive, Ltd.	Manufacture of automotive components	India	100%	-
Bill Forge Private Limited	Mahindra CIE Automotive, Ltd.	Manufacture of automotive components	India	100%	
BF Precision Private Limited	Bill Forge Private Limited	Manufacture of automotive components	India		100%
Bill Forge Global DMCC	Bill Forge Private Limited	Investing Company	Dubai		100%
Bill Forge Mexico, S. DE R. L. DE C V	Bill Forge Global DMCC	Manufacture of automotive components	Mexico		100%

INDEPENDENT AUDITOR'S REPORT

To the Members of Mahindra CIE Automotive Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Mahindra CIE Automotive Limited ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries are referred to as "the Group"), comprising the consolidated balance sheet as at 31st December, 2016, and the consolidated statement of profit and loss and cash flow for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of the preparation of the consolidated financial statements by the directors of the Holding Company, as aforesaid.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

4. While conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

7. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to paragraph 10 of the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group, as on 31st December, 2016, and its consolidated profit and consolidated cash flows for the year ended 31st December, 2016.

Emphasis of matter

9. We draw attention to

   a) Note 8 'Goodwill' of the Consolidated Financial Statements and for the reasons detailed therein, we have relied on the representation of management of the Company that it does not perceive any impairment in the value of goodwill of ₹ 7,443.58 Million arising on consolidation of Mahindra Forgings Global Limited and Mahindra Forgings International Limited and its subsidiary companies based on management forecasts of future earnings of the businesses of these entities. We have relied on these management forecasts.

b) The emphasis of matter paragraphs by the auditors of the following subsidiaries of the Company in their audit of the consolidated financial information of those subsidiaries as at and for the year ended 31st December, 2016 -

i. Stokes Group Limited has net liabilities at 31st December, 2016 and has incurred losses for the year ended 31st December, 2016

ii. The consolidated net worth of Mahindra Forgings Europe AG is negative at 31st December, 2016; and,

iii. That these subsidiaries have prepared their respective financial information on a going concern basis in view of the support from CIE Automotive S. A. to meet the liabilities of these subsidiaries as they become due.

Our Opinion is not modified in respect of these matters.

Other Matters

10. a. We did not audit the financial statements of fifteen subsidiaries whose consolidated financial statements reflect total assets (before consolidation adjustments) of ₹ 33,653.9 Million as at 31st December, 2016 as well as total revenue (before consolidation adjustments) of ₹ 37,788.13 Million for the year then ended. These consolidated financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements, insofar as it relates to the aforesaid subsidiaries is based solely on the report of such other auditors.

b. We did not audit the financial statements of six subsidiaries whose financial statements reflect total assets (before consolidation adjustments) of ₹ 15,968.70 Million as at 31st December, 2016 as well as total revenue (before consolidation adjustments) of ₹ NIL for the year then ended. These financial statements and other financial information are unaudited and have been furnished to us by the Management, and our opinion on the consolidated financial statements, insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub sections (3) and (11) of Section 143 of the Act insofar as it relates to the aforesaid subsidiaries is based solely on such unaudited financial statements/ financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements/ financial information after consolidation adjustments, are not material to the Group.

c. Certain subsidiaries referred to in para (b) above, are located outside India whose financial statements and other financial information have been prepared in accordance with International Financial Reporting Standards and/or the accounting principles applicable in their respective countries. Management while preparing the consolidated financial information has concluded that no conversion adjustments are required to such interim financial statements and other financial information for it to be in compliance with generally accepted accounting principles in India. Our opinion, in so far as it relates to the balances of such subsidiaries located outside India is based on the report of the auditors of such subsidiaries.

d. Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

11. As required by Section 143(3) of the Act, we report that:

a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the consolidated financial statements;

b. in our opinion proper books of account as required by law relating to preparation of the consolidated financial statements have been kept by the Company so far as it appears from our examination of those books and the reports of the other auditors;

c. the consolidated balance sheet, the consolidated statement of profit and loss, and the consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended;

e. on the basis of written representations received from the directors of the Holding Company as on 31st December, 2016 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary companies, incorporated in India, none of the directors of the aforesaid companies, is disqualified as on 31st December, 2016, from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its Indian subsidiaries and the operating effectiveness of such controls, refer our separate report in Annexure I.

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

   i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group in accordance with the generally accepted accounting practice – Refer Note 32 to the consolidated financial statements.

   ii. The Group did not have any long-term contracts for which there were any material foreseeable losses. Provision has been made in the consolidated financial statements as required under the applicable law or accounting standards, for material foreseeable losses, if any, on derivative contracts.

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. Based on the auditors' report of the Indian subsidiaries there were no amounts which were required to be transferred to the said fund in respect of those subsidiaries.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number 105102W

Padmini Khare Kaicker
Partner
MembershipNumber: 044784

Mumbai
23rd February, 2017

ANNEXURE I TO OUR REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MAHINDRA CIE AUTOMOTIVE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Mahindra CIE Automotive Limited as of 31st December, 2016 and for the year then ended we have audited the internal financial controls over financial reporting of Mahindra CIE Automotive Limited (hereinafter referred to as "the Holding Company") and its three subsidiary companies incorporated in India ("Indian Subsidiary Companies"), as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the of the Holding company and its Indian Subsidiary Companies are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and effors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ("the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its Indian Subsidiary Companies have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st December, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to the Indian Subsidiary Companies, is based on the corresponding reports of the auditors of such companies.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Mumbai
23rd February, 2017

Consolidated Balance Sheet as at 31st December, 2016

(₹ in Million)

	Note	As at 31st December, 2016	As at 31st December, 2015	As at 1st April, 2015
ASSETS				
Non-Current Assets				
(a) Property, Plant and Equipment	7	**17,680.3**	15,028.9	14,331.8
(b) Capital Work-in-Progress	7	**966.5**	559.3	1,263.3
(c) Goodwill	8	**26,900.9**	17,714.2	16,380.8
(d) Other Intangible Assets	9	**154.2**	186.2	110.4
(e) Financial Assets				
(i) Investments	10	**35.5**	7.9	7.9
(ii) Loans	12	**2,426.4**	826.2	-
(f) Deferred Tax Assets	22	**2,403.5**	2,020.1	1,834.9
(g) Other Non-current Assets	13	**1,324.7**	2,064.1	2,096.5
		51,892.0	38,406.9	36,025.6
Current Assets				
(a) Inventories	14	**8,351.7**	7,188.7	6,849.6
(b) Financial Assets				
(i) Investments	10	**353.6**	662.8	578.0
(ii) Trade Receivables	11	**5,219.2**	3,830.8	3,895.6
(iii) Loans	12	**12.3**	28.5	8.3
(iv) Cash and Cash Equivalents	15	**944.4**	374.3	710.9
(v) Other Bank Balances	15	**36.7**	127.2	181.9
(c) Current Tax Assets		**268.7**	109.3	739.0
(d) Other Current Assets	13	**1,569.9**	1,295.3	827.7
		16,756.5	13,616.9	13,791.0
Total Assets		**68,648.5**	52,023.8	49,816.6
EQUITY & LIABILITIES				
Equity				
(a) Equity Share Capital	16	**3,780.9**	3,233.4	3,229.8
(b) Other Equity	17	**28,881.7**	16,832.5	15,562.9
(c) Non-Controlling Interest		**-**	-	164.0
		32,662.6	20,065.9	18,956.7
Non-Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	18	**9,324.9**	7,518.2	13,726.3
(ii) Other Financial Liabilities	20	**15.5**	-	-
(b) Provisions	21	**2,627.8**	2,549.4	2,362.5
(c) Deferred Tax Liabilities	22	**968.0**	591.5	335.3
(d) Other Non-current Liabilities	24	**668.9**	823.8	828.3
		13,605.1	11,482.9	17,252.4
Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	18	**4,295.8**	3,108.3	1,262.6
(ii) Trade Payables	19	**15,259.8**	13,991.2	10,455.7
(iii) Other Financial Liabilities	20	**633.8**	512.4	254.6
(b) Provisions	21	**193.5**	470.2	244.3
(c) Current Tax Liabilities		**215.3**	138.0	531.2
(d) Other Current Liabilities	24	**1782.6**	2,254.9	859.1
		22,380.8	20,475.0	13,607.5
Total Liabilities and Equity		**68,648.5**	52,023.8	49,816.6

The accompanying notes 1 to 38 are an integral part of these consolidated financial statements.

As per Report of even date

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Mumbai, 23rd February, 2017

For and on behalf of the Board of Directors of **Mahindra CIE Automotive Limited**

Hemant Luthra
Chairman & Executive Director

Ander Arenaza Álvarez
Executive Director

K. Ramaswami
Managing Director

Daljit Mirchandani
Director

Dhananjay Mungale
Director

Neelam Deo
Director

K. Jayaprakash
Chief Financial Officer

Krishnan Shankar
Company Secretary & Head-Legal

Mumbai, 23rd February, 2017

Consolidated Income Statement for the year ended 31st December, 2016

(₹ in Million)

		Note	Year Ended 31st December, 2016	9 month period ended 31st December, 2015
I	**Revenue from operations**		**55,245.8**	40,007.2
	(a) Sale of products and services		**53,259.8**	38,253.2
	(b) Other operating revenues		**1,986.0**	1,754.0
II	**Other Income**	25	**313.6**	287.4
III	**Total Revenue**		**55,559.4**	40,294.6
IV	**Expenses**			
	(a) Cost of materials consumed	26	**21,527.4**	17,775.0
	(b) Changes in stock of finished goods, work-in-progress and stock-in-trade		**(84.2)**	(510.1)
	(c) Employee benefit expense	27	**11,024.9**	8,013.3
	(d) Finance costs	28	**593.5**	504.1
	(e) Depreciation and amortisation expense	7,9	**2,325.3**	1,630.2
	(f) Other expenses	29	**17,466.7**	11,097.3
	Total Expenses		**52,853.6**	38,509.8
	Profit/(loss) before exceptional items and tax		**2,705.8**	1,784.8
V	**Exceptional Items**		**90.2**	778.7
VI	**Profit before tax from continuing operations**		**2,615.6**	1,006.1
VII	**Income Tax Expense**			
	(1) Current tax	23	**745.1**	327.1
	(2) Deferred tax	22	**180.4**	(88.2)
	Total tax expense		**925.5**	238.9
VIII	**Profit for the year**		**1,690.1**	767.2
IX	**Profit for the year attributable to:**			
	Owners of the Group		**1,690.1**	767.2
X	**Other comprehensive income**			
	A (i) Items that will not be reclassified to profit or loss			
	Actuarial gain/(loss)		**(98.8)**	179.8
	(ii) Income tax relating to items that will not be reclassified to profit or loss		**34.6**	(79.8)
	B (i) Items that will be reclassified to profit or loss			
	Exchange differences in translating the financial statements of foreign operations		**(119.7)**	343.1
	(ii) Income tax relating to items that will be reclassified to profit or loss		**-**	-
	Other comprehensive Income (loss) for the year, net of tax		**(183.9)**	443.1
XI	**Total comprehensive income/ (loss) for the year**		**1,506.2**	1,210.3
XII	**Total comprehensive income for the year attributable to:**			
	Owners of the Group		**1,506.2**	1,210.3
XIII	**Earnings per equity share of face value of ₹ 10 each (for continuing operation):**			
	(1) Basic	35	**5.01**	2.37
	(2) Diluted	35	**4.99**	2.37

The accompanying notes 1 to 38 are an integral part of these consolidated financial statements.

As per Report of even date

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Mumbai, 23rd February, 2017

For and on behalf of the Board of Directors of **Mahindra CIE Automotive Limited**

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Director

Neelam Deo
Director

K. Jayaprakash
Chief Financial Officer

Krishnan Shankar
Company Secretary & Head-Legal

Mumbai, 23rd February, 2017

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st December, 2016

(₹ in Million)

A. Equity share capital

	Number of Shares	Equity share capital
Issued and Paid up Capital at 1st April, 2015	322,976,262	3,229.8
Less: Treasury Shares	-	-
Balance at 1st April, 2015	322,976,262	3,229.8
Issue of Equity Shares pursuant to Employees' Stock Options	359,786	3.6
Balance at 31st December, 2015	323,336,048	3,233.4
Changes in equity share capital during the year		
Issue of equity shares pursuant to employee share option plan	260,654	2.6
Issue of equity shares to Participaciones Internacionales Autometal, Dos S.L. and shareholders of Bill Forge Private Limited (Note No. 31)	54,491,563	544.9
Balance as at 31st December, 2016	378,088,265	3,780.9

b. Other Equity

	Reserves and surplus						Other reserves			Total
	Capital Reserve	Securities Premium Reserve	Equity-settled employee benefits reserve	General Reserve	Capital redemption reserve	Retained Earnings	Foreign Currency Translation Reserve	Actuarial Gain / (Loss)	Non-controlling interests	
As at 1st April, 2015	7,577.6	4,949.8	27.9	6,028.0	164.6	(3,185.0)	-	-	164.0	15,726.9
Profit for the period	-	-	-	-	-	767.2	-	-	-	767.2
Other Comprehensive Income	-	-	-	-	-	-	343.1	100.0	-	443.1
Total Comprehensive Income for the period	-	-	-	-	-	767.2	343.1	100.0	-	1,210.3
Exercise of employee stock options	-	37.0	(14.0)	-	-	-	-	-	-	23.0
Any other changes	-	-	-	-	-	36.3	-	-	(164.0)	(127.7)
As at 31st December, 2015	7,577.6	4,986.8	13.9	6,028.0	164.6	(2,381.5)	343.1	100.0	-	16,832.5
Profit for the year	-	-	-	-	-	1,690.1	-	-	-	1,690.1
Other Comprehensive Income	-	-	-	-	-	-	(119.7)	(64.2)	-	(183.9)
Total Comprehensive Income for the year	-	-	-	-	-	1,690.1	(119.7)	(64.2)	-	1506.2
Exercise of employee stock options	-	22.8	59.7	-	-	-	-	-	-	82.5
Issue of shares	-	10,069.6	-	-	-	-	-	-	-	10,069.6
Any other changes	-	-	-	-	-	390.9	-	-	-	390.9
As at 31st December, 2016	**7,577.6**	**15,079.2**	**73.6**	**6,028.0**	**164.6**	**(300.5)**	**223.4**	**35.8**	**-**	**28,881.7**

As per Report of even date

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Mumbai, 23rd February, 2017

For and on behalf of the Board of Directors of **Mahindra CIE Automotive Limited**

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Dhananjay Mungale
Director

Neelam Deo
Director

K. Jayaprakash
Chief Financial Officer

Krishnan Shankar
Company Secretary & Head-Legal

Mumbai, 23rd February, 2017

Consolidated Cash Flow Statement for the year ended 31st December, 2016

(₹ in Million)

		Note No.	**Year ended 31st December, 2016**	9 month period ended 31st December, 2015
I	**Cash flows from operating activities**			
	Profit before tax for the year		**2,615.6**	1,006.1
	Adjustments for:			
	Finance costs	28	**593.5**	504.1
	Interest and dividend income	25	**(107.8)**	(49.2)
	Provisions made/ reversed during the year		**96.7**	153.3
	Gain on disposal of property, plant and equipment	25	**(63.2)**	(18.0)
	Depreciation and amortisation	7,9	**2,325.3**	1,630.2
	Expenses recognized in respect of ESOP's	27	**59.9**	(0.3)
	Currency Translation Adjustments		**(6.3)**	(25.8)
			5,513.7	3,200.4
	Movements in working capital:			
	(Increase) in trade and other receivables		**(1561.6)**	(177.4)
	(Increase)/decrease in inventories		**(110.3)**	(339.1)
	(Decrease)/increase in other liabilities		**(209.3)**	4,373.1
			(1881.2)	3,856.6
	Income taxes paid		**(592.9)**	(260.7)
	Net cash generated by operating activities		**3,039.6**	6,796.3
II	**Cash flows from investing activities**			
	Payment for acquisition of subsidiary (net of cash)	31	**(6,721.1)**	-
	Payments to acquire financial assets		**(10,787.6)**	(3,098.2)
	Proceeds on sale of financial assets		**11,072.2**	2,803.4
	Interest and dividend received	25	**107.8**	49.2
	Payments for property, plant and equipment	7,9	**(2,157.6)**	(2,068.4)
	Proceeds from disposal of property, plant and equipment		**178.5**	62.3
	Net cash (used in)/generated by investing activities		**(8,307.8)**	(2,251.7)
III	**Cash flows from financing activities**			
	Proceeds from issue of equity instruments of the Group		**4,525.2**	28.2
	Borrowings : Received /(Repayment)	18	**1816.1**	(4,626.7)
	Interest paid		**(593.5)**	(337.4)
	Net cash used in financing activities		**5,747.8**	(4,935.9)
IV	**Net increase in cash and cash equivalents**		**479.6**	(391.3)
	Cash and cash equivalents at the beginning of the year		**501.5**	892.8
	Effects of exchange rate changes (on cash held in foreign currencies)			
V	**Cash and cash equivalents at the end of the year**		**981.1**	501.5
Reconciliation of Cash and Cash Equivalents				
Total Cash and Cash Equivalents as per Balance Sheet			**944.4**	374.3
Add: Bank Overdraft			**36.7**	127.2
Total Cash and Cash Equivalents as per Statement of Cash flow			**981.1**	501.5

As per Report of even date

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Mumbai, 23rd February, 2017

For and on behalf of the Board of Directors of **Mahindra CIE Automotive Limited**

Hemant Luthra
Chairman & Executive Director

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Managing Director

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Director

Neelam Deo
Director

K. Jayaprakash
Chief Financial Officer

Krishnan Shankar
Company Secretary & Head-Legal

Mumbai, 23rd February, 2017

Notes to the Consolidated Financial Statements as at and for the year ended 31st December, 2016

1. General information

Mahindra CIE Automotive Group and activities

Mahindra CIE Automotive Limited (MCIE) is a company incorporated in India having its registered office in Mumbai. The Company and its subsidiaries (collectively referred to as “the Group”) are engaged in the business of production and sale of automotive components to original equipment manufacturers and other customers (including leading suppliers of components) in India and overseas.

The Group has manufacturing facilities in India, Germany, Spain, Lithuania, Italy and the United Kingdom. The Group has an established presence in each of these locations and supply automotive components to its customers based there and export products to customers based in other countries as well. The Group’s manufacturing locations are generally located close to major automotive manufacturing hubs in order to facilitate supplies to the customers.

MCIE is a subsidiary of CIE Automotive Group based in Spain.The Mahindra Group based in India is a significant shareholding in MCIE. MCIE is a result of a global alliance between the two Groups pursuant to which Mahindra’s automotive components businesses across various product segments in India and Europe were brought together with the forgings business of CIE in Spain.

The subsidiaries included in these consolidated financial statements along with the proportion of ownership and beneficial interest of the Group in such subsidiaries is included in the Appendix attached hereto.

These consolidated financial statements for the period from 1st January, 2016 to 31st December, 2016 were approved for issue by the Board of Directors in accordance with their resolution dated 23rd February, 2017.

Change in Financial Year

Until 31st March, 2015, the financial year followed by MCIE was for a period of 12 months from 1st April to 31st March each year. Thereafter, MCIE changed its financial year to be for a period from 1st January to December 31. Accordingly, MCIE prepared its previous financial statements for a nine-month period from 1st April, 2015 to 31st December, 2015.The current period consolidated financial statements are for the full period from 1st January, 2016 to 31st December, 2016.

Changes in the scope of consolidation

In September, 2016, Mahindra CIE Automotive Limited signed an agreement for the acquisition of all of the share capital of the Indian company Bill Forge Pvt. Ltd. The purchase price agreed amounts to ₹ 13,027.9 Million which have been paid in cash and issue of shares.

Crest Geartech Private Limited, a dormant company of the Group has been consolidated under equity method.

2. Summary of significant accounting policies

2.1 Basis of presentation

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015. For all periods up to and including the year ended 31st December, 2015, the Group prepared its financial statements in accordance with accounting standards specified under the section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Rules, 2006 (collectively previous GAAP). These financial statements for the year ended 31st December, 2016 are the first the Group has prepared in accordance with Ind AS. (Refer to note 4 for information on how the Group adopted Ind AS). The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

The consolidated financial statements are presented in ₹ and all values are rounded to the nearest Million in single digit, except when otherwise indicated.

2.2 Consolidation principles

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31st December, 2016. Subsidiaries are all entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent Group, i.e., period ended on 31st December, 2016.

Consolidation procedure:

a) Combine like items of assets, liabilities, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

c) Eliminate in full intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intra-group transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intra-group transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

2.3 Segment information

Operating segments (Note 5) are reported consistently with the internal reporting provided to the Chief Executive Officer. The highest decision-making executive is responsible for allocating resources to and assessing the performance of the operating segments. The highest decision-making authority is the Chief Executive Officer.

2.4 Business combinations and goodwill

In accordance with Ind AS 101 provisions related to first time adoption, the Group has elected to apply Ind AS accounting for business combinations prospectively from 1st April, 2015. As such, previous GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward with minimal adjustment.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share-based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.
- Assets (or disposal Groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognized in profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognizes the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

2.5 Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture (which includes any long term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the entity discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the entity resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit and loss.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognizes the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

2.6 Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets or liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

2.7 Foreign currencies

The Group's consolidated financial statements are presented in ₹, which is also the parent Group's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Group uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of the following:

- Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognized in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g., consolidated financial statements when the foreign operation is a subsidiary), such exchange differences are recognized initially in OCI. These exchange differences are reclassified from equity to profit or loss on disposal of the net investment.
- Exchange differences arising on monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognized in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss.
- Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into ₹ at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the Group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognized in profit or loss.

Any goodwill arising in the acquisition/ business combination of a foreign operation on or after 1st April, 2015 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Any goodwill or fair value adjustments arising in business combinations/ acquisitions, which occurred before the date of transition to Ind AS (1st April, 2015), are treated as assets and liabilities of the entity rather than as assets and liabilities of the foreign operation. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

Cumulative currency translation differences for all foreign operations are deemed to be zero at the date of transition, viz., 1st April, 2015. Gain or loss on a subsequent disposal of any foreign operation excludes translation differences that arose before the date of transition but includes only translation differences arising after the transition date.

2.8 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Based on the Educational Material on Ind AS 18 issued by the ICAI, the Group has assumed that recovery of excise duty flows to the Group on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Group on its own account, revenue includes excise duty.

However, sales tax/ value added tax (VAT) is not received by the Group on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognized.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Interest income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

Dividends

Revenue is recognized when the Group’s right to receive the payment is established, which is generally when shareholders approve the dividend.

2.9 Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received.

2.10 Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized either in other comprehensive income or in equity. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognized within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognized in OCI/ capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognized in profit or loss.

Sales/ value added taxes paid on acquisition of assets or on incurring expenses.

Expenses and assets are recognized net of the amount of sales/ value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.11 Property, plant and equipment

Freehold land carrying at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All others repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

- Building 15 to 50 years
- Plant and equipment 2 to 24 years

The Group, based on technical assessment made by technical expert and management estimate, depreciates certain items of building, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.12 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognized in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

Research and development expenses

Research expenditure is recognised as an expense as incurred. The costs incurred in development projects (associated with the design and testing of new products or product upgrades) are recognised as an intangible asset when the success of the development is deemed probable taking into account its technical and commercial feasibility, management intends to complete the project and has the technical and financial resources to do so, has the ability to use or sell the asset and generate potential economic benefits and the costs involved may be reliably estimated. Other development expenditures are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development costs with a finite useful life that have been capitalised are amortised from the start of commercial production of the product on a straight-line basis over the period in which it is expected to generate economic benefits, which does not exceed five years.

Licences

Trademarks and licences have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives.

2.13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

2.14 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1st April, 2015, the Group has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on the borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Ind AS 17 requires that lease payments under an operating lease shall be recognized as an expense on a straight-line basis over the lease term unless either:

a) Another systematic basis is more representative of the time pattern of the user's benefit even if the payments to the lessor are not on that basis, or

b) The payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If payments to the lessor vary because of factors other than general inflation, then this condition is not met.

2.15 Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition is accounted for as follows:

- Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.
- Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on first in, first out basis.
- Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Initial cost of inventories includes the transfer of gains and losses on qualifying cash flow hedges, recognized in OCI, in respect of the purchases of raw materials.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.16 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation surplus.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31st December.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31st December at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

2.17 Provisions

General

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Warranty provisions

Provisions for warranty-related costs are recognized when the product is sold or service is provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

Restructuring provisions

Restructuring provisions are recognized only when the Group has a constructive obligation, which is when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs, and an appropriate time-line, and the employees affected have been notified of the plan's main features.

2.18 Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Group operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

2.19 Share based payments

Share based compensation benefits are provided to employees via the Employee Stock Options Scheme.

The fair value of options granted under the above scheme is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- Including any market performance conditions;
- Excluding the impact of any service vesting conditions (for example, remaining an employee of the entity over a specified time period)

Non-market performance and service conditions are included in the assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period during which all the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Group revised the estimates of the number of options that are expected. It recognises the impact of the revision of original estimates, if any, in the income statement, with corresponding adjustment to equity.

The total cost of the services rendered by the beneficiaries is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied (continued service at the Group).

2.20 Financial Assets and Financial liabilities

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group’s financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

2.21 Share Capital

Ordinary equity shares are classified as equity.

Incremental cost directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.22 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group’s cash management.

2.23 Cash dividend

The Group recognizes a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

2.24 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is due in one year or less they are classified as current assets.

Commercial receivables are recognised initially at fair value and subsequently measured at amortised cost using the original effective interest method, less provision for impairment. A provision for impairment of trade receivables is recognised when there is objective evidence that the Group will not be able to collect all amounts due under the original terms of the receivables. Indications of impairment are deemed to exist when the debtor is in serious financial difficulty; it is probable that the borrower will enter bankruptcy of other financial reorganisation, and in the event of payment of default or delinquency. The amount of the provision is the difference between the asset's carrying amount and present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced as the provision is used and the loss is recognised in the income statement. When a receivable is deemed uncollectible it is written off against the provision for receivables. Any subsequent recovery of previously written-off amounts is recognised in the income statement.

Financing through the discounting of bills of exchange is not written off from trade receivables until they are collected and is reflected as bank financing.

Financing by means of non- recourse factoring or the sale of trade receivables triggers derecognition of the receivable as all associated risks are transferred to the financial institution in question.

2.25 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Account payable is classified as current liabilities if payment is due within one year or less.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.26 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer their settlement for at least 12 months after the end of the reporting period.

Fees paid for availing the loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facilities will be drawn down. In this case, the fees are deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

2.27 Environmental disclosures

Costs incurred by the Group as part of its business activities that are intended to protect the environment and/ or improve its environmental records are expensed currently. These costs are capitalised when the expenses represent additions to items of property, plant equipment intended to make them more environment-friendly and minimise their impact on the environment.

2.28 Seasonal nature of business and business volume

The Automotive segment does not show any seasonal nature so its sales are distributed uniformly throughout the year.

3. Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks viz. market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

a. Market risk

The group primarily operates out of India and Europe. Significant portion of the European operations are in Euro except for operations in UK. Therefore the foreign currency risk is largely of translation on reporting date. The exchange risk on the net assets of the Group's foreign operations is mainly managed through natural hedges achieved by denominating borrowings (loans) in the corresponding foreign currency,

Borrowings are at variable interest rates and the same is managed by the group by constantly monitoring the trend and expectations.

Temporary surplus investments are made in debt instruments and risk is managed by adequately diversifying the portfolio.

(₹ in Million)

b. Liquidity risk

The prudent management of liquidity risk entails maintaining enough cash and available financing through sufficient credit facilities. In this respect, the MCIE Automotive Group strategy, articulated by its Treasury Department, is to maintain the necessary financing flexibility through the availability of committed credit lines. Additionally, and on the basis of its liquidity needs, the Group uses liquidity facilities (non-recourse factoring and the sale of financial assets representing receivable debts, transferring the related risks and rewards). Management monitors the Group's forecast liquidity requirements together with the trend in net debt. The calculation of liquidity and net debt at 31st December, 2016 and 31st December, 2015 is calculated as follow:

	31st December, 2016	31st December, 2015
Cash, cash equivalents & bank balances (Note 15)	**981.1**	501.5
Other Financial Assets – Loans (Note 12)	**2,426.4**	826.2
Other current financial assets – Investments (Note 10)	**353.6**	662.8
Other current financial assets – Loans (Note 12)	**12.3**	28.5
Undrawn credit facilities and loans	**1,520.9**	628.0
Liquidity buffer	**5,294.3**	2,647.0
Bank Borrowings (Note 18)	**13,620.7**	10,626.5
Other Current Financial Liabilities (Note 20)	**633.9**	512.4
Cash and cash equivalents (Note 15)	**(981.1)**	(501.5)
Other non-current financial assets – Loans (Note 12)	**(2,426.4)**	(826.2)
Other current financial assets – investments (Note 10)	**(353.6)**	(662.8)
Other current financial assets – loan (Note 12)	**(12.3)**	(28.5)
Net financial debt	**10,481.2**	9,119.9

The Group believes that the on-going initiatives will prevent liquidity shortfalls. In this respect, management expects that the cash generated in the second half of 2016 and in 2017 will be sufficient to service payment obligations for the year without problem.

The Group monitors the Group's forecast liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining enough headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities.

Noteworthy is the existence at 31st December, 2016 of ₹ 1520.9 Million in unused loans and credit lines (31st December, 2015: ₹ 628.0 Million).

One of the Group's strategies is to ensure the optimisation and maximum saturation of the resources assigned to the business. The Group therefore pays special attention to the net operating working capital invested in the business. In this regard, as in previous years, considerable work has been performed to control and reduce collection periods for trade and other receivables, as well as to optimise accounts payable with the support of banking arrangements to mobilise funds and minimise inventories through logistic and industrial management, allowing JIT (just in time) supplies to our customers.

As a result of the above, it may be confirmed that there are no liquidity risks at the Group.

c. Credit Risk

Credit risk is managed by customer Groups. Credit risk from cash and cash equivalents, derivative financial instruments and bank deposits is considered immaterial in view of the creditworthiness of the banks the Group works with. If management detects liquidity risk in respect of its banks under certain specific circumstances, it recognises impairment provisions as warranted.

In addition, each segment has specific policies for managing customer credit risk; these policies factor in the customers' financial position, past experience and other customer specific factors.

With respect to customer credit limits, it should be noted that Group policy is to spread its volumes across customers or manufacturing platforms.

(₹ in Million)

Given the characteristics, of the Group's customers, management has historically deemed that receivables due within 60 days in the present no credit risk. The Group continues to consider the credit quality of these outstanding balances to be strong. Based on past trends, expected credit loss is provided. Details of such provision and analysis of the age of assets that are past due but are not impaired is provided in note 11.

d. Raw material price risk

The Group does not have significant risk in raw material variations. In case of any variation in price same is passed on to customers through appropriate adjustments to selling prices.

3.2 Fair Value Estimation

Fair Value Measurement

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3.3 Capital Risk Management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for the other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group can adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry the Group monitors capital on the basis of the leverage ratio, this ratio is calculated as net debt divided by total capital employed. Net debt is calculated as total borrowings plus current financial liabilities less cash, cash equivalents and current financial assets, all of which are shown in the consolidated annual accounts. Total capital employed is calculated as 'equity', as shown in the consolidated annual accounts, plus net debt.

Calculation of Gearing ratio.

	31st December, 2016	31st December, 2015
Net Financial Debt (Refer Note 3.1.(b))	**10,481.2**	9,119.9
Equity	**32,662.6**	20,065.9
Total Capital Employed	**43,143.8**	29,185.8
Gearing Ratio	**0.24**	0.31

4. Accounting estimates and judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions affecting the application of accounting policies and the amounts presented under assets and liabilities, income and expenses. Actual results may differ from these estimates.

a) Estimated impairment loss on goodwill

The Group tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units basically which were determined on the basis of calculations of value in use did not give rise to impairment risks on the Group's goodwill at 31st December, 2016.

b) Estimated fair value of assets, liabilities and contingent liabilities associated with a business combination.

In business combinations, the Group classifies or designates, at the acquisition date, the identifiable assets acquired and liabilities assumed as necessary, based on contractual agreements, financial conditions, accounting policies and operating conditions or other pertinent circumstances that exist at the acquisition date.

The measurement of the assets acquired and liabilities assumed at fair value requires the use of estimates that depend on the nature of those assets and liabilities in accordance with their prior classification and which, in general, are based on generally accepted measurement methods that take into consideration discounted cash flows associated with those assets and liabilities, comparable quoted prices on active markets and other procedures, as disclosed in the relevant notes to the annual financial statements, broken down by nature. In the case of the fair value of property, plant and equipment the Group uses appraisals prepared by independent experts.

c) Income tax

Income tax expense for the period ended 31st December, 2016 has been estimated based on profit before taxes, as adjusted for any permanent and/or temporary differences envisaged in tax legislation governing the corporate income tax base calculation. The tax is recognized in the income statement, except insofar as it relates to items recognized directly in equity, in which case, it is also recognized in equity.

Tax credits and deductions and the tax effect of applying tax-loss carry forwards that have not been capitalised are treated as a reduction in the corporate income tax expense for the year in which they are applied or offset.

The calculation of income tax expense did not require the use of significant estimates except in tax credits recognized in the year, which was at all times consistent with the annual financial statements.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated annual accounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred taxes on temporary differences are recognized when arising on investments in subsidiaries, associates and joint ventures, except in those cases where the Group can control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets deriving from the carry forward of unused tax credits and unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the tax assets can be utilised. In the case of investment tax credits the counterpart of the amounts recognized is the deferred income account. The tax credit is accrued as a decrease in expense over the period during which the items of property, plant and equipment that generated the tax credit are depreciated, recognizing the right with a credit to deferred income.

d) Pension benefits

The present value of the Group's pension obligations depends on a series of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation. Other key assumptions for employee benefits are based in part on current market conditions.

(₹ in Million)

5. Segment information

Mr. Ander Álvarez, the Chief Executive Officer (CEO) of Mahindra CIE Automotive Ltd. is the Group's decision-making executive. The CEO reviews the Group's internal financial information for the purposes of evaluating performance and assigning resources to segments. The Group has determined the operating segments based on the structure of the reports reviewed by the CEO.

All companies within the Mahindra CIE Group belong to the same business segment (Automotive) and two geographical segments, India and Europe (referred to as overseas in the previous financial statements which is essentially the same).

Year ended 31st December, 2016

	Indian	**Europe**	**Total Segments**	**Adjustment & Eliminations**	**Consolidated**
Revenue	**21,253.2**	**34,336.0**	**55,589.2**	**(343.4)**	**55,245.8**
Income/ (Expenses)	**19,242.2**	**30,812.7**	**50,054.8**	**(343.4)**	**49,711.4**
Depreciation and amortization	**870.4**	**1,454.9**	**2,325.3**	**-**	**2,325.3**
Segment profit (EBIT)	**1,140.6**	**2,068.5**	**3,209.1**	**-**	**3,209.1**
EBIDTA	**2,011.0**	**3,523.4**	**5,534.4**	**-**	**5,534.4**
Total assets	**29,149.1**	**39,499.6**	**68,648.7**	**-**	**68,648.7**
Total liabilities	**8,929.4**	**27,055.9**	**35,985.3**	**-**	**35,985.3**
Fixed Asset Addition	**856.3**	**1,301.3**	**2,157.6**	**-**	**2,157.6**

Nine Month Period ended 31st December, 2015:

	India	**Europe**	**Total Segments**	**Adjustment & Eliminations**	**Consolidated**
Revenue	14,440.1	25,875.1	40,315.2	(308.0)	40,007.2
Income/ (Expenses)	13,200.8	23,974.0	37,174.8	(308.0)	36,866.8
Depreciation and amortization	599.9	1,030.3	1,630.2	-	1,630.2
Segment profit (EBIT)	639.4	870.8	1,510.2	-	1,510.2
EBIDTA	1,239.3	1,901.1	3,140.4	-	3,140.4
Total assets	14,397.6	37,626.8	52,023.7		52,023.7
Total liabilities	5,342.0	26,615.8	31,957.8		31,957.8
Fixed Asset Addition	411.4	1,714.0	2,125.4		2,125.4

Transfers or transactions between segments are carried out under market terms and conditions as usual commercial transactions with third parties.

The reconciliation of operating results and results attributable to the parent Group is as follows:

	Year ended 31st December, 2016	9 month period ended 31st December, 2015
Operating results (EBIT)	**3,209.1**	1,510.2
Financial income (expense)	**(593.5)**	(504.1)
Corporate income tax	**(925.5)**	(238.9)
Profit attributed to the parent Group	**1,690.1**	767.2

There are no significant transactions between segments.

Segment assets excludes goodwill and mainly include property, plant and equipment, intangible assets, deferred tax assets, inventories, accounts receivable and cash.

Segment liabilities include operating liabilities and long-term financing, excluding intra Group liabilities eliminated on consolidation.

6. First time adoption Ind AS

These consolidated financial statements, for the year ended 31st December, 2016, are the first financial statements prepared by the Group in accordance with Ind AS. For periods up to and including the period ended 31st December, 2015, the Group prepared its financial statements in accordance with accounting standards specified under Companies (Accounting Standards) Rules, 2006 as amended ('previous GAAP').

Accordingly, the Group has prepared financial statements which comply with Ind AS applicable for periods ending on or after 31st December, 2016, together with the comparative period data as at and for the nine months period ended 31st December, 2015, as described in the summary of significant accounting policies. In preparing these financial statements, the Group's opening balance sheet was prepared as at 1st April, 2015, the Group's date of transition to Ind AS. This note explains the principal adjustments made by the Group in restating its previous GAAP financial statements, including the balance sheet as at 1st April, 2015 and the financial statements as at and for the period ended 31st December, 2015 to Ind AS.

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS.

The Group has applied the following exemptions:

1. The group has not applied Ind AS 103 to Business Combinations for acquisitions of subsidiaries that occurred before 1st April, 2015. The Group did not recognise or exclude any previously recognised amounts as a result of Ind AS recognition requirements.

   Ind AS 101 also requires that the previous GAAP carrying amount of goodwill must be used in the opening Ind AS statement of financial position (apart from adjustments for goodwill impairment and recognition or derecognition of intangible assets). In accordance with Ind AS 101, the Group has tested goodwill for impairment at the date of transition to Ind AS. No goodwill impairment was deemed necessary at 1st April, 2015.

2. The Group has not applied Ind AS 21 retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to Ind AS. Such fair value adjustments and goodwill are treated as assets and liabilities of the parent rather than as assets and liabilities of the acquiree. Therefore, those assets and liabilities are already expressed in the functional currency of the parent or are non-monetary foreign currency items and no further translation differences occur.

3. Property, Plant and Equipment, other than investment property, were carried in the statement of financial position prepared in accordance with previous GAAP on 31st March, 2015. The Group has elected to regard carrying values as at 31st March, 2015 as deemed cost at the date of transition.

4. Cumulative currency translation differences for all foreign operations are deemed to be zero as at 1st April, 2015.

5. The estimates as at 1st April, 2015 and as at 31st March, 2015 are consistent with those made for the same dates in accordance with previous GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of previous GAAP did not require estimation:

   The estimates used by the Group to present these amounts in accordance with Ind AS reflect conditions as at 1st April, 2015, the date of transition to Ind AS and as of 31st December, 2015.

6. Non-controlling interests

   A first-time adopter shall apply the following requirements of Ind AS 110 prospectively from the date of transition to Ind AS:

   a) the requirement (in paragraph B94) that total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance;

   b) the requirements (in paragraphs 23 and B96) for accounting for changes in the parent's ownership interest in a subsidiary that do not result in a loss of control; and

   c) The requirements in paragraphs (B97–B99) for accounting for a loss of control over a subsidiary.

      If a first-time adopter elects to apply Ind AS 103 retrospectively to past business combinations, it shall also apply Ind AS 110 in accordance with paragraph C1 of this Ind AS. The group has elected not to apply Ind AS 103 retrospectively.

Effect of Ind AS adoption for Balance Sheet

The effect of the Group's transition to Ind AS is summarized in this note as follows:

(i) Transition elections;

(ii) Reconciliation of equity and P&L as previously reported under Previous GAAP to Ind AS;

(iii) Adjustments to the statement of cash flows.

(i) Transition elections

Exemptions from business combinations

A first-time adopter may elect not to apply Ind AS 103 retrospectively to past business combinations (business combinations that occurred before the date of transition to Ind AS). However, if a first-time adopter restates any business combination to comply with Ind AS 103, it shall restate all later business combinations and shall also apply Ind AS 110 from that same date.

The Group has decided not apply Ind AS 103 retrospectively to the past business combinations.

Share-based payment transactions

A first-time adopter is encouraged, but not required, to apply Ind AS 102 Share-based payment to equity instruments that vested before date of transition to Indus. The Group has granted equity settled stock options and has followed intrinsic value method for accounting [Refer Note 3 of the financial statements for the year ended 31st March, 2015]. The Group has decided to apply Ind AS 102 prospectively.

Deemed cost

Option 1: An entity may elect to measure an item of property, plant and equipment at the date of transition to Ind AS at its fair value and use that fair value as its deemed cost at that date.

Option 2: A first-time adopter may elect to use a previous GAAP revaluation of an item of property, plant and equipment at, or before, the date of transition to Ind AS as deemed cost at the date of the revaluation, if the revaluation was, at the date of the revaluation, broadly comparable to:

a) Fair value; or

b) Cost or depreciated cost in accordance with Ind AS, adjusted to reflect, for example, changes in a general or specific price index.

Option 3: Where there is no change in its functional currency on the date of transition to Ind AS, a first-time adopter to Ind AS may elect to continue with the carrying value for all of its property, plant and equipment as recognized in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments. For this purpose, if the financial statements are consolidated financial statements, the previous GAAP amount of the subsidiary shall be that amount used in preparing and presenting consolidated financial statements.

The Group has elected Option 3 and continue with the carrying value for all of its property, plant and equipment as recognized in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition.

Cumulative translation differences

Ind AS 21 requires an entity:

a) to recognize translation differences in other comprehensive income and accumulate these in a separate component of equity; and

b) on disposal of a foreign operation, to reclassify the cumulative translation difference for that foreign operation (including, if applicable, gains and losses on related hedges) from equity to profit or loss as part of the gain or loss on disposal.

However, a first-time adopter need not comply with these requirements for cumulative translation differences that existed at the date of transition to Ind AS.

The Group has foreign subsidiaries which are consolidated. The group will use this exception and accordingly, cumulative translation differences that existed at 1st April, 2015 for all foreign subsidiaries will be deemed to be zero.

(₹ in Million)

Investments in subsidiaries, joint ventures and associates

When an entity prepares separate financial statements, Ind AS 27 requires it to account for its investments in subsidiaries, joint ventures and associates either:

a) at cost; or

b) In accordance with Ind AS 109.

If a first-time adopter measures such an investment at cost in accordance with Ind AS 27, it shall measure that investment at one of the following amounts in its separate opening Ind AS Balance Sheet:

a) cost determined in accordance with Ind AS 27; or

b) Deemed cost. The deemed cost of such an investment shall be its:

   i. fair value at the entity's date of transition to Ind AS in its separate financial statements; or

   ii. Previous GAAP carrying amount at that date.

The Group has elected to account for investments in subsidiaries at cost in accordance with Ind AS 27 and will measure the investments at deemed cost i.e. previous GAAP carrying amounts as at the date of transition.

Equity shares are non-monetary items and non-monetary items are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction (accordingly these are not required to be translated at year-end rates).

(ii) Reconciliation of equity and P&L as previously reported under Previous GAAP to IND AS

Reconciliation of Equity	**As at 1st April, 2015 (Date of Transition)**	**As at 31st December, 2015 (end of last period presented under previous GAAP)**
Equity as reported under previous GAAP	19,020.3	20,107.3
Ind AS: Adjustments increase (decrease):		
Deferred income tax	(25.3)	(26.9)
Others		
1. Provision for Doubtful debts on expected loss method	3.8	(5.1)
2. Others	(30.0)	-
3. Fair Valuation impact on Grants	(12.1)	(9.4)
Equity as reported under IND AS	18,956.7	20,065.9

Reconciliation of profit

	9 month period ended 31st December, 2015	
	Profit before Tax	**Profit for the year**
Previous GAAP	1,067.9	872.3
Ind AS: Adjustments increase (decrease):		
Provision for doubtful debts	(7.7)	(5.1)
Adjustment of actuarial gain (transferred to OCI)	(179.8)	(100.0)
Total adjustment to profit or loss	(187.5)	(105.1)
Profit or loss under Ind AS	880.4	767.2
Other comprehensive income	522.9	443.1
Total comprehensive income under Ind AS	1,403.3	1,210,3

Note: No statement of comprehensive income was produced under previous GAAP. Therefore the reconciliation starts with profit under previous GAAP.

(iii) Adjustments to the statement of cash flows – No material adjustment with respect to previous GAAP cash flow, except bank overdrafts repayable on demand, under Ind AS forms an integral part of the cash management process and are included in cash and cash equivalents for the purpose of presentation of statement of cash flows. The reconciliation is provided in the cash flow statement.

(₹ in Million)

7. Property, plant and equipment

The details and movements in property, plant and equipment are as follows:

2016:

	Description of Assets	Land	Buildings	Plant and Equipment	Furniture and Fixtures tools and furnishings	CWIP	Other Assets	Total
I.	**Gross Carrying Amount**							
	Balance as at 1st Jan 2016	**1,536.4**	**2,576.2**	**10,676.1**	**1,282.0**	**559.3**	**224.0**	**16,854.0**
	Additions	53.0	20.0	1,181.5	307.6	245.4	332.9	2,140.4
	Acquisitions through business combinations	593.7	539.4	3,495.3	14.3	774.1	-	5,416.8
	Disposals	(18.3)	(0.1)	(408.0)	(23.6)	-	(19.3)	(469.1)
	Reclassified as held for sale	(13.3)	-	-	(8.4)	-	-	(21.7)
	Others	(64.8)	55.8	274.9	87.3	(612.2)	(49.0)	(308.0)
	Balance as at 31st December, 2016	**2,086.8**	**3,191.3**	**15,219.9**	**1,659.3**	**966.5**	**488.6**	**23,612.4**
II.	**Accumulated depreciation and impairment**							
	Balance as at 1st Jan 2016	**-**	**(122.6)**	**(867.5)**	**(275.7)**	**-**	**-**	**(1,265.8)**
	Acquisitions through business combinations	-	(83.9)	(1,817.0)	(81.1)	-	-	(1,982.0)
	Depreciation expense for the year	-	(173.5)	(1,458.8)	(496.3)	-	(134.1)	(2,262.7)
	Disposals	-	-	308.4	42.7	-	3.1	354.2
	Reclassified as held for sale	-	-	-	-	-	-	-
	Others	-	(6.4)	195.8	1.3	-	-	190.7
	Balance as at 31st December, 2016	**-**	**(386.5)**	**(3,639.1)**	**(809.1)**	**-**	**(130.9)**	**(4,965.6)**
III.	**Net carrying amount**	**2,086.7**	**2,804.9**	**11,580.8**	**850.2**	**966.4**	**357.7**	**18,646.8**

2015:

	Description of Assets	Land	Buildings	Plant and Equipment	Furniture and Fixtures tools and furnishings	CWIP	Other Assets	Total
I.	**Gross Carrying Amount**							
	Balance as at 1st April, 2015	**1,343.6**	**2,327.5**	**9,522.6**	**917.8**	**1,263.3**	**219.6**	**15,594.4**
	Additions	102.4	211.7	1,145.9	211.3	-	10.5	1,681.8
	Acquisitions through business combinations	-	-	-	-	-	-	-
	Disposals	-	(0.6)	(193.3)	(16.2)	-	(8.8)	(218.9)
	Others	90.4	37.6	200.9	169.1	(704.0)	2.7	(203.3)
	Balance as at 31st December, 2015	**1,536.4**	**2,576.2**	**10,676.1**	**1,282.0**	**559.3**	**224.0**	**16,854.0**
II.	**Accumulated depreciation and impairment**							
	Balance as at 1st April, 2015	-	-	-	-	-	-	-
	Acquisitions through business combinations	-	-	-	-	-	-	-
	Depreciation expense for the year	-	(123.0)	(1,162.4)	(299.4)	-	-	(1,584.8)
	Disposals	-	0.4	126.5	16.6	-	-	143.5
	Others	-	-	168.4	7.1	-	-	175.5
	Balance as at 31st December, 2015	**-**	**(122.6)**	**(867.5)**	**(275.7)**	**-**	**-**	**(1,265.8)**
III.	**Net carrying amount**	**1,536.4**	**2,453.6**	**9,808.6**	**1,006.3**	**559.3**	**224.0**	**15,588.2**

There are no significant assets acquired under finance lease.

Both during the years 2016 and 2015 no impairment has been recognised to property, plant and equipment.

(₹ in Million)

8. Goodwill

	31st December, 2016	31st December, 2015	1st Apr 2015
Cost			
Balance at beginning of year	**19,364.2**	18,030.8	6,006.5
Additional amounts recognised from business combinations occurring during the year	**9,359.1**	133.3	13,577.8
Others (Mainly Foreign Exchange Fluctuation)	**(172.4)**	1,200.1	(1,553.5)
Balance at end of year	**28,550.9**	19,364.2	18,030.8
Accumulated impairment losses			
Balance at beginning of year	**(1,650.0)**	(1,650.0)	-
Impairment losses recognised in the year			(1,650.0)
Balance at end of year	**(1,650.0)**	(1,650.0)	(1,650.0)
Net carrying amount	**26,900.9**	17,714.2	16,380.8

Impairment testing of goodwill

Goodwill is assigned to the Group's cash-generating units (CGUs) on the basis of the criterion of grouping together under each CGU all the Group's assets and liabilities that jointly and indivisibly generate cash flows in an area of the business from a technology and/or geographical and/or customer viewpoint, on the basis of the synergies and risks shared.

The breakdown of goodwill at the resulting CGU level is set out below:

Cash Generating Units	31st December, 2016	31st December, 2015	1st Apr 2015
Germany	**7,432.1**	7,500.3	7,020.2
Italy	**2,120.3**	2,154.9	1,911.3
Spain	**6,931.9**	6,995.4	6,547.7
India	**9,761.9**	402.9	281.1
Others	**654.7**	660.7	620.5
Total	**26,900.9**	17,714.2	16,380.8

Before recognition of impairment losses, the carrying amount of goodwill (other than goodwill related to discontinued operations) was allocated to cash-generating units as follows:

Cash Generating Units	31st December, 2016	31st December, 2015	1st Apr 2015
Germany	**7,432.1**	7,500.3	7,020.2
Italy	**3,770.3**	3,804.9	3,561.3
Spain	**6,931.9**	6,995.4	6,547.7
India	**9,761.9**	402.9	281.1
Others	**654.7**	660.7	620..5
Total	**28,550.9**	19,364.2	18,030.8

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash- flow projections based on five year financial budgets approved by the management. Cash flows beyond the five-year period are extrapolated on the basis of conservative estimated growth rates that are in all instances lower than the average long-run growth rate for the business in which each of the CGUs operates.

a) Key assumptions used in the calculation of value in use at 31st December, 2016:

The discount rates applied to cash flow projections are:

	2016
Discount Rate (Range across CGU's)	**5.34%-12.85%**

The discount rate range applied is attributable to the cash flows generated in countries with different country-risk characteristics.

The main changes in the discount rates used with respect to the previous year derive from changes in risk-free rates.

(₹ in Million)

Budgeted EBITDA (operating profit plus depreciation / amortisation and possible impairment) is determined by Group management in their strategic plans. The margins vary by type of business as follows:

	% of revenue
	2016
Margins (Range across CGU's)	**4% - 23%**

Other forecast movements in cash flows related to tax are projected to these EBITDA's to obtain after-tax free cash flow for each year.

The result of using before-tax cash flows and discount rates does not differ significantly from the outcome of using after-tax cash flows and discount rates. Cash flows beyond the five-year period covered by the Group's forecasts are extrapolated applying prudent assumptions with respect to the forecast future growth rate (between 0% and 4%), based on GDP growth estimates and the inflation rate in each market, and evaluating the level of investment required to achieve such growth. In order to calculate the residual value, a normalised annual flow is discounted, taking into account the discount rate applied on the projections, less the growth rate taken into account.

b) Results of the analysis

The Group verified that in 2016 goodwill had not suffered any impairment. Additionally, if the revised estimated discount rate, which is applied to discounted cash flows, were 10% higher than management's estimates, the Group would still not need to reduce the carrying value of goodwill.

Goodwill amounting to ₹ 7,432 Mio arises on consolidation of wholly owned subsidiaries, namely MFGL and MFIL and their step down subsidiaries, Mahindra Forging Europe AG (MFE AG) and its wholly owned subsidiary companies, Jeco Jellinghaus GmbH, Schonoeweiss & Co GmbH, Gesenkschmiede Schneider GmbH and Falkenroth Unformtechnik GmbH (collectively referred to as step-down subsidiaries). After the significant decline in demand due to economic downturn in Europe and some on time costs due to one plant closure, which affected the result of the last 2 years, the market demand is expected to show a gradual recovery during next year. Actions initiated by the new management team such as improving operational efficiencies, close monitoring, improving price realisation and reduction of people, under active guidance and supervision of CIE Automotive S.A, the ultimate parent company, will start yielding results in 2017. In view of the future performance of MFE AG and its subsidiaries, the Company is of the view that, there is no impairment of the goodwill.

9. Intangible assets

The details and movements of the main classes of intangible assets are shown below:

2016:

	Description of Assets	Development Expenditure	Computer Software	Patents and Trademarks	Others	Total
I.	**Gross Carrying Amount**					
	Balance as at 1st January, 2016	4.1	162.1	-	38.8	205.0
	Additions	-	8.5	-	8.7	17.2
	Additions from internal developments	-	-	-	-	-
	Acquisitions through business combinations	-	47.9	-	-	47.9
	Disposals	-	(0.8)	-	-	(0.8)
	Reclassified as held for sale	-	-	-	-	-
	Others	-	2.1	-	(3.3)	(1.2)
	Balance as at 31st December, 2016	**4.1**	**219.8**	**-**	**44.2**	**268.1**
II.	**Accumulated depreciation and impairment**					
	Balance as at 1st January, 2016	(1.7)	(17.2)	-	-	(18.9)
	Acquisitions through business combinations	-	(34.5)	-	-	(34.5)
	Amortisation expense for the year	(1.3)	(61.5)	-	-	(62.8)
	Eliminated on disposal of assets	-	0.4	-	-	0.4
	Reclassified as held for sale	-	-	-	-	-
	Other adjustments	-	1.9	-	-	1.9
	Balance as at 31st December, 2016	**(3.0)**	**(110.9)**	**-**	**-**	**(113.9)**
III.	**Net carrying amount**	**1.1**	**108.9**	**-**	**44.2**	**154.2**

(₹ in Million)

2015:

Description of Assets	Development Expenditure	Computer Software	Patents and Trademarks	Others	Total
Intangible Assets					
I. Cost					
Balance as at 1st April, 2015	12.2	98.2	-	-	110.4
Additions	-	51.3	-	25.0	76.3
Disposals	-	(0.2)	-	-	(0.2)
Others	(8.1)	12.8	-	13.8	18.5
Balance as at 31st December, 2015	**4.1**	**162.1**	**-**	**38.8**	**205.0**
II. Accumulated depreciation and impairment					
Balance as at 1st April, 2015	-	-	-	-	-
Amortisation expense for the year	(1.7)	(50.2)	-	-	(51.9)
Eliminated on disposal of assets	-	0.2	-	-	0.2
Other adjustments	-	32.8	-	-	32.8
Balance as at 31st December, 2015	**(1.7)**	**(17.2)**	**-**	**-**	**(18.9)**
III. Net carrying amount	**2.4**	**145.0**	**0.0**	**38.8**	**186.2**

Notes to the Consolidated Financial Statements as at and for the year ended 31st December, 2016

10. Investments

(₹ in Million)

	As at 31st December, 2016			As at 31st December, 2015			As at 1st April, 2015		
	QTY	**Amounts Current**	**Amounts Non-Current**	QTY	Amounts Current	Amounts Non-Current	QTY	Amounts Current	Amounts Non-Current
Investments in Mutual Funds (unquoted) (At fair Value though Profit and Loss)				-	-				
ICICI Prudential Money Market Fund-Regular Plan Dividend	**-**	**-**	**-**	-	-	-	829,402	83.0	-
ICICI Prudential Interval Fund III Quarterly Interval Fund Growth	**-**	**-**	**-**	-	-	-	2,694,128	40.0	-
Sundaram Money Regular Fund Dividend	**-**	**-**	**-**	-	-	-	4,495,358	45.4	-
HDFC Liquid Fund Dividend	**-**	**-**	**-**	-	-	-	5,611,848	57.6	-
HSBC Cash Fund Dividend	**-**	**-**	**-**	-	-	-	83,900	83.9	-
Axis Liquid Fund Dividend	**-**	**-**	**-**	100,404	100.5	-	34,114	34.1	-
Axis Liquid Fund Growth	**28,206**	**50.0**	**-**	-	-	-	-	-	-
Taurus Liquid Fund Existing Plan - Super Institutional Dividend	**-**	**-**	**-**	215,640	215.7	-	91,415	91.4	-
L&T Liquid Fund Dividend	**-**	**-**	**-**	-	-	-	57,478	58.1	-
AXIS Short Term Fund	**-**	**-**	**-**	4,888,235	50.1	-	-	-	-
AXIS Treasury Advantage Fund	**-**	**-**	**-**	49,800	50.0	-	-	-	-
ICICI Liquid Plan	**253,492**	**60.0**	**-**	459,853	101.1	-	-	-	-
SBI Mutual Fund Short Term Debt Fund	**4,752,386**	**90.0**	**-**	-	-	-	-	-	-
Barclays Bank Portfolio Investment	**-**	**106.2**	**-**	-	-	-	-		-
ICICI Money Market Fund	**-**	**-**	**-**	464,084	95.3	-	-	-	-
ICICI Flexible Income Plan	**-**	**-**	**-**	178,508	50.1	-		-	-
Others	**-**	**47.4**	**35.5**	-	-	7.9	-	84.7	7.9
Total quoted Investments	**-**	**-**	**-**	-	-	-	-	-	--
Total unquoted investments	**-**	**353.6**	**35.5**	-	662.8	7.9	-	578.0	7.9
Total investments – carrying value	**-**	**353.6**	**35.5**	-	662.8	7.9	-	578.0	7.9
TOTAL investments quoted market value	**-**	**353.6**	**35.5**	-	662.8	7.9	-	578.0	7.9

(₹ in Million)

11. Trade and other receivables

	As at 31st December, 2016		As at 31st December, 2015		As at 1st April, 2015	
	Current	**Non-Current**	Current	Non-Current	Current	Non-Current
Trade receivables						
(a) Secured, considered good	**-**	**-**	-	-	-	-
(b) Unsecured, considered good	**5,219.2**	**-**	3,830.8	-	3,895.6	-
(c) Doubtful						
	385.2	**-**	321.3	-	427.0	-
Less: Allowance for Credit Losses	**(385.2)**	**-**	(321.3)	-	(427.0)	-
	5,219.2	**-**	3,830.8	-	3,895.6	-
Of the above, trade receivables from:						
- Related Parties	**995.7**	**-**	1,006.3	-	667.8	-
- Others	**4,223.5**	**-**	2,824.5	-	3,227.8	-
	5,219.2	**-**	3,830.8	-	3,895.6	-

The ageing analysis of receivables more than 2 months is as follows:

	31st December, 2016	31st December, 2015
Between 2 and 4 months	**89.0**	115.7
Between 4 and 12 months	**151.0**	101.2
More than 12 months	**179.2**	185.0
	419.2	401.9
(Provisions)	**(385.2)**	(321.3)

Movements in the provisions for impairment of trade receivables are given below:

	31st December, 2016
Opening Balance	**321.3**
Additions	**33.3**
Recoveries	**(47.8)**
Transfers	**92.4**
Receivables written off	**(8.0)**
Other	**(6.0)**
Closing Balance	**385.2**

12. Loans

	As at 31st December, 2016		As at 31st December, 2015		As at 1st April, 2015	
	Current	**Non-Current**	Current	Non-Current	Current	Non-Current
a) Loans to related parties						
- Secured, considered good	**-**	**-**	-	-	-	-
- Unsecured, considered good	**12.3**	**2,426.4**	28.5	826.2	8.3	-
- Doubtful	**-**	**-**	-	-	-	-
Less: Allowance for Credit Losses	**-**	**-**	-	-	-	-
	12.3	**2,426.4**	28.5	826.2	8.3	-

13. Other Assets

	As at 31st December, 2016		As at 31st December, 2015		As at 1st April, 2015	
	Current	**Non-Current**	Current	Non-Current	Current	Non-Current
(a) Capital advances	**-**	**44.3**	-	77.1	-	54.6
(b) Other Assets						
(i) Security Deposits	**-**	**353.5**	-	312.8	-	308.2
(ii) Prepaid Expenses	**148.2**	**577.4**	116.5	538.7	114.4	465.9
(iii) Balances with government authorities	**871.1**	**288.5**	319.8	646.9	257.8	638.5
(iv) Advances to suppliers	**166.1**	**-**	54.0	-	141.3	-
(v) Incentive receivable (Grants)	**189.7**	**-**	189.2	-	90.2	-
(vi) Other advances	**194.8**	**61.0**	615.8	488.6	224.0	629.3
	1,569.9	**1,324.7**	1,295.3	2,064.1	827.7	2,096.5

(₹ in Million)

14. Inventories

		As at 31st December, 2016	As at 31st December, 2015	As at 1st April, 2015
(a)	Raw materials	**1,147.4**	627.0	733.5
(b)	Work-in-progress	**2,898.5**	2,547.0	3,103.7
(c)	Finished and semi-finished goods	**2,203.1**	1,927.2	1,453.1
(d)	Stores and spares	**1,046.7**	1,006.5	660.4
(e)	Loose Tools	**1,056.0**	1,080.9	898.9
	Total Inventories	**8,351.7**	7,188.7	6,849.6
	Included above, goods-in-transit:			
(i)	Raw materials	**30.9**	22.7	25.6
(ii)	Finished and semi-finished goods	**30.8**	62.0	68.8
	Total goods-in-transit	**61.7**	84.7	94.4

The carrying amount of inventory includes the following provisions for obsolescence, the movement in which is presented below:

At 1st April, 2015	614.4
Additions	13.6
Write-offs/ transfers	-
At 31st December, 2015	628.0
Change in Consolidation scope	69.1
Additions	63.4
Write-offs/ transfers	-303.6
At 31st December, 2016	456.9

15. Cash and cash equivalent

Cash and other cash equivalents as at 31st December, 2016 and 31st December, 2015 break down as follows:

	Particulars	**As at 31st December, 2016**	As at 31st December, 2015	As at 1st April, 2015
	Cash and cash equivalents			
(a)	Balances with banks	**941.0**	369.5	703.6
(b)	Cheques, drafts on hand	**2.5**	3.6	6.3
(c)	Cash on hand	**0.9**	1.2	1.0
	Total Cash and cash equivalent	**944.4**	374.3	710.9
	Other Bank Balances			
(a)	Earmarked balances with banks	**5.9**	-	-
(b)	Balances with Banks:			
	(i) Fixed Deposits with maturity greater than 3 months	**30.8**	127.2	181.9
	Total Other Bank balances	**36.7**	127.2	181.9
	Total cash, cash equivalents and bank balances	**981.1**	501.5	892.8

Short-term bank deposits relate to investments of cash surpluses maturing in less than three months or available immediately.

The interest rates on these deposits range between 0.2% and 6% (2015: 0.2% to 7%), depending on the currency.

(₹ in Million)

16. Equity Share capital

	31st December, 16		31st December, 2015		1st April, 2015	
	No. of shares	**Amount**	No. of shares	Amount	No. of shares	Amount
Authorised:						
Equity shares of ₹ 10/- each with voting rights	**486,942,621**	**4,869.4**	395,000,000	3,950.0	395,000,000	3,950.0
4% non-cumulative redeemable preference shares of ₹ 31/- each	**5**	**0.0**	29,658,916	919.4	29,658,916	919.4
Issued:						
Equity shares of ₹ 10/- each with voting rights	**378,088,265**	**3,780.9**	323,336,993	3,233.4	322,977,207	3,229.8
Issued, Subscribed and Paid-Up:						
Equity shares of ₹ 10/- each with voting rights	**378,088,265**	**3,780.9**	323,336,048	3,233.4	322,976,262	3,229.8

Reconciliation of the number of shares outstanding at the beginning and at the end of the year.

Particulars		Opening Balance	Fresh Issue	Employees' Stock Options	Other Changes (give details)	Closing Balance
Equity Shares with Voting rights						
Year Ended 31st December, 2016	No. of Shares	**323,336,048**	**54,491,563**	**260,654**	**-**	**378,088,265**
	Amount	**3,233.4**	**544 .9**	**2.7**	**-**	**3,780 .9**
Period Ended 31st December, 2015	No. of Shares	322,976,262	-	359,786	-	323,336,048
	Amount	3,229.8	-	3.6	-	3,233.4
Period Ended 1st April, 2015	No. of Shares	92,340,466	-	1,305,277	229,330,519	322,976,262
	Amount	923.4	-	13 .1	2,293.3	3,229.8

Details of shares held by the holding Group, the ultimate holding Group, their subsidiaries and associates

	Equity Shares with Voting rights
As at 31st December, 2016	
Participaciones Internacionales Autometal, Dos S.L. (PIA2), the holding Group	194,267,537
As at 31st December, 2015	
Participaciones Internacionales Autometal, Dos S.L. (PIA2), the holding Group	171,767,537
As at 1st April, 2015	
Parricipaciones Internacionales Autometal, Dos S.L. (PIA2), the holding Group	171,767,537

Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	**31st December, 2016**		31st December, 2015		1st April, 2015	
	Number of shares held	**% holding in that class of shares**	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights						
Parricipaciones Internacionales Autometal, Dos S.L. (PIA2)	**194,267,537**	**51.38%**	171,767,537	53.12%	171,767,537	53.18%
Mahindra & Mahindra Ltd. (M&M)	**-**	**-**	-	-	65,271,407	20.21%
Mahindra Vehicle Manufacturing Ltd. (MVML)	**65,271,407**	**17.26%**	65,271,407	20.19%	-	-

Note

PIA2 is a 100% subsidiary of CIE Automotive SA ("CIE") a company incorporated in Spain (the ultimate holding company of the company)

CIE is an associate of M&M which hold beneficial interest of 12.44% in CIE.

M&M transferred its entire shareholding in the Company to its subsidiary MVML on 30th December, 2015.

Other than as indicated above there are no shareholders each holding more than 5% of the shares in the Company.

Notes to the Consolidated Financial Statements as at and for the year ended 31st December, 2016

(₹ in Million)

17. Reserves & surplus, Other reserves

(i) Securities premium reserve

	31st December, 2016	31st December, 2015	1st April, 2015
Opening balance	**4,986.8**	4,949.8	4,949.8
Addition on Exercise of options	**22.8**	37.0	-
Other (preferential allotment)	**10,069.6**	-	-
Closing balance	**15,079.2**	4,986.8	4,949.8

(ii) Equities settled employees benefits reserve

	31st December, 2016	31st December, 2015	1st April, 2015
Opening balance	**13.9**	27.9	27.9
Deferred employee expenses	**(95.7)**	0.2	-
Granted to employees	**166.9**	-	-
Less:-			-
Forfeiture of options	**-**	(1.4)	-
Options exercised during the year	**(11.6)**	(12.8)	-
Closing Balance	**73.6**	13.9	27.9

(iii) Retained earnings

	31st December, 2016	31st December, 2015	1st April, 2015
Opening Balance	**(2,381.5)**	(3,185.0)	(3,112.5)
Add:-			
Profit/(loss) for the year	**1,690.1**	767.2	-
Ind AS adjustments (refer note 6)	**-**	-	(63.6)
Any other changes	**390.9**	36.3	(8.9)
Closing balance	**(300.5)**	(2,381.5)	(3,185.0)

(iv) Capital and other reserves

	31st December, 2016	31st December, 2015	1st April, 2015
Capital Reserve	**7,577.6**	7,577.6	7,577.6
Other Reserve (Capital Redemption Reserve)	**164.6**	164.6	164.6

(v) General Reserve

	31st December, 2016	31st December, 2015	1st April, 2015
Opening Balance	**6,028.0**	6,028.0	6,535.8
Transferred from Foreign Exchange Fluctuation Reserve	**-**	-	(507.8)
Closing Balance	**6,028.0**	6,028.0	6,028.0

(vi) Other reserves - Foreign currency translation reserve

	31st December, 2016	31st December, 2015	1st April, 2015
Opening Balance	**343.1**	-	(507.8)
Other Comprehensive Income	**(119.7)**	343.1	-
Transferred to General Reserve	**-**	-	507.8
Closing Balance	**223.4**	343.1	-

(vii) Other reserves – actuarial gain/(loss) reserve

	31st December, 2016	31st December, 2015	1st April, 2015
Opening Balance	**100.0**	-	-
Other Comprehensive Income	**(64.2)**	100.0	-
Closing Balance	**35.8**	100.0	-
Grand total	**28,881.7**	16,832.5	15,562.9

(₹ in Million)

Nature and purpose of Reserves

Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilized in accordance with the provisions of the law.

Equities settled employees' benefits reserve

The Equities settled employees benefits reserve is used to recognize the grant date fair value of options issued to employees under the MCIE Stock Options Scheme.

Capital reserve

Capital reserve is reserves generated out of merger under the Integrated Scheme of Amalgamation and the Composite Scheme of Amalgamation (Sections 391-395 of the Companies Act, 1956) for the merger of Mahindra Ugine Steel Group Limited (MUSCO), Mahindra Hinoday Industries Limited (MHIL), Mahindra Gears International Limited (MGIL), Mahindra Investment India Private Limited (MIIPL), Participaciones Internacionales Autometal Tres S.L. (PIA3) and Mahindra Composites Limited (MCL). The merger was approved by the Honorable High Court of Judicature at Bombay on Oct 31, 2014. The Schemes came into effect on Dec 10, 2014, the day on which the order was delivered to the Registrar of Companies. The reserve is capital in nature and is not available for distribution as dividend.

General reserve

General reserve of ₹ 5,767.1 Million is revenue reserve created by virtue of merger of Mahindra Stokes Holding Company Limited, Mahindra Forgings Overseas Limited and Mahindra Forgings Mauritius Limited into the Group vide High Court Order dated 27th December, 2007 is reserve available for distribution as dividend.

Capital redemption reserve

Capital redemption reserve is transferred by virtue of the merger referred to above which was in the books of MUSCO and was created to redeem preference shares issued by MUSCO before merger. These shares have since been redeemed and this reserve is available for distribution.

Other reserves – Foreign currency translation reserve

Exchange differences arising on translation of the foreign operations are recognized in other comprehensive income and accumulated in a separate reserve with equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed off.

Other reserves – actuarial gain / loss reserve

Change in liability of defined benefit plans for the employees due to change in actuarial assumptions is debited or credited to this reserve account.

18. Borrowings

	Rate of Interest % p.a.	Maturity	**31st December, 2016**	31st December, 2015	1st April, 2015
Non- current borrowings					
Measured at amortised cost					
A. Secured borrowings:					
(a) Term loans					
1. From Banks	0.5% to 0.9%	Annual Upto 2029;	**3,580.8**	2,190.6	5,460.3
Total secured borrowings			**3,580.8**	2,190.6	5,460.3
B. Unsecured Borrowings - at amortised Cost					
(a) Term Loans					
From Banks			**-**	-	2,075.0
(b) Loans from related parties	4.5%	Bullet; 2020	**5,744.1**	5,327.6	6,191.0
Total unsecured Borrowings			**5,744.1**	5,327.6	8,266.0
Total non-current borrowings			**9,324.9**	7,518.2	13,726.3

(₹ in Million)

	Rate of Interest % p.a.	Maturity	**31st December, 2016**	31st December, 2015	1st April, 2015
Current Borrowings					
A. Secured Borrowings					
(a) Loans repayable on demand					
(1) From Banks			**2,903.3**	1,795.7	947.7
Total Secured Borrowings			**2,903.3**	1,795.7	947.7
B. Unsecured Borrowings					
(b) Loans from related parties			**810.4**	786.8	6.1
(c) Other Loans			**582.1**	525.8	308.8
Total Unsecured Borrowings			**1,392.5**	1,312.6	314.9
Total Current Borrowings			**4,295.8**	3,108.3	1,262.6
Total non-current current borrowings			**13,620.7**	10,626.5	14,988.6

The Group's policy is to diversify its financing sources. There is no concentration risk in respect of its bank borrowings as it works with multiple entities.

Non-current borrowings have the following maturities:

	31st December, 2016	31st December, 2015	1st April, 2015
Between 1 and 2 years	**309.3**	1,531.2	5,929.0
Between 3 and 5 years	**2,950.2**	622.8	1,606.3
More than 5 years	**6,065.4**	5,364.2	6,191.0
	9,324.9	7,518.2	13,726.3

Term loans and current borrowings from banks in India are secured by charge on immovable properties and on trade receivables, inventory. Loans in Europe are secured by warranties.

19. Trade and other payables

	31st December, 2016		31st December, 2015		1st April, 2015	
	Current	**Non-Current**	Current	Non-Current	Current	Non-Current
Trade payable - Micro and small enterprises	**11.7**	**-**	103.7	-	12.6	-
Trade payable - Other than micro and small enterprises	**15,181.0**	**-**	13,667.1	-	10,205.8	-
Acceptances	**67.1**	**-**	220.4	-	237.3	-
	15,259.8	**-**	13,991.2	-	10,455.7	-

20. Other financial liabilities

	31st December, 2016	31st December, 2015	1st April, 2015
Non-Current			
(a) Creditors for capital supplies/services	**15.5**	-	-
	15.5	-	-
Current			
(a) Current maturities of long-term debt	**296.1**	220.1	237.5
(b) Creditors for capital supplies/services	**337.7**	292.3	17.1
	633.9	512.4	254.6

(₹ in Million)

21. Provisions

	31st December, 2016		31st December, 2015		1st April, 2015	
	Current	**Non-Current**	Current	Non-Current	Current	Non-Current
(a) Provision for employee benefits						
Long-term Employee Benefits (Note 30)	**71.2**	**2,325.4**	383.3	2,287.1	168.7	2,245.7
(b) Other Provisions						
(1) Warranty	**17.7**	**-**	79.0	-	75.6	-
(2) Other Provisions	**104.6**	**302.4**	7.9	262.3		116.8
Total Provisions	**193.5**	**2,627.8**	470.2	2,549.4	244.3	2,362.5

Details of Provision for employee benefits (Note 30)

	31st December, 2016		31st December, 2015		1st April, 2015	
	Current	**Non-Current**	Current	Non-Current	Current	Non-Current
Provision for Gratuity	**42.1**	**55.6**	35.0	39.3	44.1	29.2
Provision for pension fund- non funded	**-**	**1,883.0**	-	1,889.2	-	1,868.6
Provision for employee termination indemnities	**-**	**213.4**	-	201.2	-	209.1
Provision for compensated absences	**25.2**	**162.5**	27.3	146.4	20.6	122.0
Provision for Redundancy	**-**	**-**	311.5	-	93.3	-
Provision for voluntary retirement scheme	**3.9**	**10.9**	9.6	11.0	10.7	16.8
Total	**71.2**	**2,325.4**	383.4	2,287.1	168.7	2,245.7

Details of movement in other provisions - non-current

	Other Provisions
Balance at 1st April, 2015	**116.8**
Exchange difference	-
Additional provisions recognized/used	145.5
Balance at 31st December, 2015	262.3
Change in consolidation scope	40.1
Additional provisions recognized/used	-
Balance at 31st December, 2016	**302.4**

Other provisions of ₹ 262.3 Million is towards an ongoing dispute with the Irrigation Department (Water Resource Department) in respect of levy of charge for use of water for the period July 1991 to May 2012 for an aggregate amount of ₹ 587.3 Million including penal charge of ₹ 101.9 Million and late fee charge of ₹ 223.1 Million. Presently the matter is being legally pursued. The group has provided ₹ 262.3 Million towards arrears of water charges. Refer note 32 Contingent liabilities and commitments.

Details of movement in other provisions current

	Warranty claims	**Other Provisions**	**Total**
Balance at 1st April, 2015	**75.6**	**-**	**75.6**
Exchange difference	5.2	-	5.2
Additional provisions recognized/used	(1.8)	7.9	6.1
Balance at 31st December, 2015	79.0	7.9	86.9
Change in consolidation scope			
Additional provisions recognized/used	(61.3)	96.7	35.4
Balance at 31st December, 2016	**17.7**	**104.6**	**122.3**

Notes to the Consolidated Financial Statements as at and for the year ended 31st December, 2016

(₹ in Million)

22. Deferred taxes

Deferred tax assets -Tax credits	Tax losses	Tax credits R&D, training	Others	Total
Balance as on 1st April, 2015	**242.7**	**419.8**	**531.1**	**1,193.6**
(Charged) against / credited to profit and loss	255.4	(45.6)	-	209.8
Transfers	562.0	-	(562.0)	-
(-) Non-continued operations	-	-	-	-
Tax effect of discontinued operations	-	-	-	-
Differences on exchange	24.1	1.0	31.8	56.2
Balance as on 31st December, 2015	**1,084.2**	**375.2**	**(0.3)**	**1,459.4**
(Charged) against / credited to profit and loss	44.7	(172.2)	-	(127.5)
Charged against / (credited) to equity	-	-	-	-
Changes/additions to consolidation	-	110.0	-	110.0
Transfers	-	-	-	-
Other movements	-	-	133.4	133.4
Conversion differences	(15.4)	0.3	(0.8)	(15.9)
Balance as on 31st December, 2016	**1,113.5**	**313.2**	**132.2**	**1,559.3**

Deferred tax assets – Others	Non deductible provisions	Others	Total
Balance as on 1st April, 2015	**108.1**	**533.2**	**641.3**
(Charged) against / credited to profit and loss	(283.7)	(99.2)	(382.9)
Transfers	706.3	(461.1)	245.2
Differences on exchange	7.6	49.6	57.2
Balance as on 31st December, 2015	**538.3**	**22.4**	**560.7**
(Charged) against / credited to profit and loss	(22.3)	(53.1)	(75.4)
Charged against / (credited) to equity	-	353.0	353.0
Changes/additions to consolidation	12.1	-	12.1
Conversion differences	(5.2)	(1.0)	(6.2)
Balance as on 31st December, 2016	**522.9**	**321.3**	**844.2**

Deferred tax liabilities	Unrestricted amortization	Grants	Others	Total
Balance as on 1st April, 2015	**53.1**	**14.5**	**267.7**	**335.3**
(Charged) against / credited to profit and loss	-	(24.1)	24.4	0.3
Transfers	103.6	2.3	139.3	245.2
Differences on exchange	3.6	2.2	4.9	10.7
Balance as on 31st December, 15	**160.3**	**(5.1)**	**436.3**	**591.5**
(Charged) against / credited to profit and loss	(13.0)	(17.8)	8.4	(22.4)
Charged against / (credited) to equity	-	18.3	-	18.3
Changes/additions to consolidation	381.4	-	-	381.4
Transfers	-	19.0	-	19.0
Conversion differences	(0.1)	(18.3)	(1.3)	(19.7)
Balance as on 31st December, 2016	**528.5**	**(3.9)**	**443.4**	**968.0**

(₹ in Million)

Deferred income tax assets are recognised for tax loss carry-forwards and unused tax credits to the extent that the realisation of the related tax benefit through future taxable profits is probable, being its estimated recoverability less than 10 years.

(i) Amounts on which deferred tax asset has not been created:

Particulars	As at 31st December, 2016
Unused Tax losses (revenue in nature)	**1,306.5**
	1,306.5

(ii) Deferred tax assets that were recognised by the Group at 31st December, 2016 and 2015 are as follows:-

	31st December, 2016		31st December, 2015	
	Tax losses	**Others**	Tax losses	Others
Germany	**849.9**	**-**	834.7	-
Spain	**112.7**	**313.2**	113.6	374.9
Italy	**150.9**	**-**	135.8	-
India	**-**	**132.2**	-	-
	1,113.5	**445.4**	1,084.2	374.9

23. Corporate income tax expense

(i) Income Tax recognised in Profit or loss

	Year ended 31st December, 2016	9 month period ended 31st December, 2015
Current Tax:		
In respect of current year	**745.1**	327.1
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**180.4**	(88.2)
Total income tax expense on continuing operations	**925.5**	238.9

(ii) Income tax recognised on Other comprehensive income

	Year ended 31st December, 2016	9 month period ended 31st December, 2015
Income taxes related to items that will be reclassified to profit or loss	**34.6**	(79.8)
	34.6	(79.8)

(iii) Reconciliation of income tax expense and the accounting profit multiplied by Group's domestic tax rate:

	Year ended 31st December, 2016
Profit before tax from continuing operations	2,615.6
Income tax expense calculated at 34.608%	905.2
Effect of tax rates in foreign jurisdictions	(134.5)
Reduction in tax rate	
Effect of income that is exempt from taxation	(79.3)
Effect of expenses that is non-deductible in determining taxable profit	49.0
Effect of tax incentives and concessions (research and development and other allowances)	(41.1)
Effect of current year losses for which no deferred tax asset is recognized	310.1
Effect of recognition of tax effect of previously unrecognised tax losses now recognised as deferred tax assets	(83.9)
Income tax expense recognised In profit or loss from continuing operations	**925.5**

(₹ in Million)

24. Other liabilities

		31st December, 2016		31st December, 2015		1st April, 2015	
		Current	**Non-Current**	Current	Non-Current	Current	Non-Current
a.	Advances received from customers	**120.3**	**-**	15.4	-	21.1	-
b.	Government grant	**-**	**348.1**	-	419.1	-	301.1
c.	Taxes payable (other than income taxes)	**494.6**	**-**	469.6	-	-	-
d.	Employee Related	**1,046.2**	**-**	786.6	-	831.1	-
e.	Deferred Payment Liabilities & others	**121.5**	**320.8**	983.3	404.7	6.9	527.2
		1,782.6	**668.9**	2,254.9	823.8	859.1	828.3

25. Other Income:

		Year ended 31st December, 2016	9 month period ended 31st December, 2015
(a)	Interest Income		
	On Financial Assets at amortised cost	**36.1**	31.3
(b)	Dividend Income		
	From investments measured at fair value through profit or loss	**71.7**	17.9
(c)	Profit on sale of capital assets (net of loss on assets sold / scrapped / written off)	**63.2**	18.0
(d)	Forex gain/loss	**-**	16.3
(e)	Miscellaneous income	**142.6**	203.9
		313.6	287.4

26. Cost of materials

Cost of material consumed

	Year ended 31st December, 2016	9 month period ended 31st December, 2015
Opening stock	**627.0**	733.5
Add: Purchases	**22,047.8**	17,668.5
	23,674.8	19,402.0
Less: Closing stock	**(1,147.4)**	(627.0)
Cost of materials consumed	**21,527.4**	17,775.0

27. Employee benefit expenses

		Year ended 31st December, 2016	9 month period ended 31st December, 2015
(a)	Salaries and wages, including bonus	**9,124.1**	6,574.2
(b)	Contribution to provident and other funds	**143.9**	90.9
(c)	Equity-settled share-based payments	**59.9**	(0.3)
(d)	Staff welfare expenses	**1,697.0**	1,348.5
		11,024.9	8,013.3

(₹ in Million)

28. Finance costs

		Year ended 31st December, 2016	9 month period ended 31st December, 2015
(a)	Interest expense	**423.3**	361.5
(b)	Other borrowing cost	**170.2**	142.6
		593.5	504.1

29. Other expenses

		Year ended 31st December, 2016	9 month period ended 31st December, 2015
(a)	Tools & Stores consumed	**2,678.3**	1,893.7
(b)	Power & Fuel	**2,917.7**	2,163.5
(c)	Repairs and maintenance	**1,804.1**	1,185.0
(d)	Subcontracting, Hire and Service Charges	**4,523.4**	2,680.2
(e)	Excise duty on sale of products	**2,047.3**	1,354.0
(f)	Expenditure on corporate social responsibility (CSR) under section 135 of the Companies Act, 2013.	**3.4**	4.1
(g)	Auditors remuneration and out-of-pocket expenses		
	(i) As Auditors	**32.3**	17.7
	(ii) For Taxation matters	**3.6**	1.7
	(iii) For Other services	**14.1**	8.3
(h)	Other Expenses	**3,442.5**	1,789.1
		17,466.7	11,097.3

30. Defined benefits and contribution

(a) Defined Contribution plan

The Group's contribution to Provident Fund aggregating ₹ 143.9 Million (₹ 90.9 Million) has been recognised in the statement of Profit or Loss under the head Employee Benefit expenses.

(b) Defined benefit plans

(i) Gratuity

The Group operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Group scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Group makes annual contribution to the Group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

(ii) Voluntary Retirement Scheme

One-time expenses incurred towards voluntary retirement scheme are charged off in the statement of Profit or loss. Deferred payments are fair valued through P&L.

(iii) Compensated absences

Group's liability towards leave encashment are determined using the projected Unit Credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past service costs are recognised on straight line basis over the statement of Profit or loss as income or expense. Obligation is measured at the present value of estimated future cash flow using a discount rate that is determined by reference to market yields at the Balance Sheet date on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

(₹ in Million)

(iv) Pension provisions are for operations in Germany and are entirely under internal fund. These benefits are in the nature of long term service awards and lifetime pension and retirement plans.

(c) Risks

Through its defined benefit plans the Group is exposed to risks, the most significant of which are detailed below:

(i) Asset Volatility

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets under perform compared to the government bonds discount rate, this will create or increase a deficit.

(ii) Changes in Bond Yields;

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plans' bond holdings.

1. Provisions for Gratuity, Voluntary retirement Scheme (VRS) and Pensions:-

	Funded Plan		**Unfunded Plans**			
	Gratuity		**VRS**		**Pension**	
	2016	2015	**2016**	2015	**2016**	2015
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:						
Service Cost						
Current Service Cost	**18.6**	18.0	**-**	-	**17.7**	26.6
Past service cost and (gains)/losses from settlements	**-**	0.5	**-**	-	**-**	-
Net interest expense	**4.7**	-	**1.3**	1.4	**23.0**	29.1
Components of defined benefit costs reconised in profit or loss	**23.3**	18.5	**1.3**	1.4	**40.7**	55.7
Remeasurement on the net defined benefit liability						
Return on plan assets (excluding amount included in net interest expense)	**-**	(12.9)	**-**	-	**-**	-
Actuarial gains and loss arising from changes in financial assumptions	**31.8**	13.4	**0.1**	(0.1)	**68.2**	(191.3)
Actuarial gains and loss arising from experience adjustments	**(2.1)**	-	**-**	-	**-**	-
Actuarial gains and loss arising from Demographic adjustments	**0.7**	-	**-**	-	**-**	-
Components of defined benefit costs recognised in other comprehensive income	**30.4**	0.5	**0.1**	(0.1)	**68.2**	(191.3)
Total	**53.6**	19.0	**1.4**	1.3	**108.9**	(136.3)
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st December,						
1. Present value of defined benefit obligation as at 31st December	**334.7**	305.4	**14.8**	20.6	**1,883.0**	1,889.3
2. Fair value of plan assets as at 31st December	**240.4**	234.0	**-**	-	**-**	-
3. Surplus/(Deficit)	**(97.6)**	(71.4)	**(14.8)**	(20.6)	**(1,883.0)**	(1,889.3)
4. Current portion of the above	**42.1**	35.0	**3.9**	9.6	**-**	-
5. Non-current portion of the above	**55.6**	36.4	**10.9**	11	**1,883.0**	1,889.3
II. Change in the obligation during the year ended 31st December						
1. Present value of defined benefit obligation at the beginning of the year	**304.5**	264.5	**20.6**	27.5	**1,889.3**	1,994.2
2. Add/(Less) on account of Scheme of Arrangement/ Business	**6.7**	-	**-**	-	**-**	-

(₹ in Million)

			Funded Plan		Unfunded Plans			
			Gratuity		VRS		Pension	
			2016	2015	**2016**	2015	**2016**	2015
	3.	Expenses Recognised in Profit and Loss Account						
		- Current Service Cost	**18.6**	18.9	**-**	-	**17.7**	26.6
		- Interest Expense (Income)	**21.9**	14.9	**1.3**	1.4	**23.0**	29.1
	4.	Recognised in Other Comprehensive Income						
		Remeasurement gains / (losses)						
		- Actuarial Gain (Loss) arising from:						
		i. Demographic Assumptions	**0.3**	-	**-**	-	**-**	-
		ii. Financial Assumptions	**24.9**	13.3	**0.1**	(0.1)	**68.2**	(191.3)
		iii. Experience Adjustments	**(2.1)**					
	5.	Benefit payments	**(40.1)**	(6.1)	**(7.2)**	(8.2)	**(115.2)**	(103.2)
	6.	Others (Specify)	**-**	-	**-**	-	**-**	134.2
	7.	Present value of defined benefit obligation at the end of the year	**334.7**	305.5	**14.8**	20.6	**1,883.0**	1,888.9
III.		Change in fair value of assets during the year ended 31st December						
	1.	Fair value of plan assets at the beginning of the year	**242.6**	191.1	**-**	-	**-**	-
	2.	Add/(Less) on account of Scheme of Arrangement/ Business Transfer	**-**	-	**-**	-	**-**	-
	3.	Expenses Recognised in Profit and Loss Account						
		- Expected return on plan assets	**17.2**	12.9	**-**	-	**-**	-
	4.	Recognised in Other Comprehensive Income						
		Remeasurement gains / (losses)						
		- Financial assumptions	**(6.9)**	-	**-**	-	**-**	-
		- Demographic assumptions	**(0.4)**	(0.1)	**-**	-	**-**	-
	5.	Contributions by employer (including benefit payments recoverable)	**28.0**	36.3	**-**	-	**-**	-
	6.	Benefit payments	**(40.1)**	(6.1)	**-**	-	**-**	-
	7.	Fair value of plan assets at the end of the year	**240.4**	234.1	**-**	-	**-**	-
IV.		Actuarial assumptions						
	1.	Discount rate	**8.00%**	8.00%	**8.00%**	8.00%	**1.45%**	1.45%
	2.	Expected rate of return on plan assets	**6.75% to 9.00%**	6.75% to 9.00%	**6.75% to 9.00%**	6.75% to 9.00%	**-**	-
	3.	Attrition rate	**2% to 11%**	2% to 11%	**2% to 11%**	2% to 11%	**-**	-
	4.	Salary Escalation	**7.0% to 8.5%**	7.0% to 8.5%	**7.0% to 8.5%**	7.0% to 8.5%	**1.75% to 2.30%**	1.75% to 2.30%

(₹ in Million)

Other Information

	India	Germany
Life Expectancy of a person retiring at the year end		
Men	12-15 years	13-19 years
Women	12-15 years	19-23 years
Life Expectancy of a person retiring 20 years after the year end		
Men	12-15 years	38-86 years
Women	12-15 years	43-96 years

Percentage of variation of the defined benefit commitment to changes in the assumptions weighted is as follows:-

	India			Germany		
	Variation in Hypothesis	**Increase in Hypothesis**	**Decrease in Hypothesis**	**Variation in Hypothesis**	**Increase in Hypothesis**	**Decrease in Hypothesis**
Interest Rate	+/- 1.30%	7.34% to 12.73%	-6.06% to -10.83%	+/-0.25%	3.39% to 4.05%	-3.19% to -3.82%
Growth of pensions/ Salaries	+/- 1.00%	6.24% to 11.60%	-5.19% to -10.12%	+/-0.25%	1.86% to 3.30%	-1.79% to -3.15%

2. Provision for Employee Termination benefits

	Year ended 31st December, 2016	9 month period ended 31st December, 2015
Balance at the beginning of the year	**201.2**	209.2
Add:-		
Interest Expense/(income)	**4.0**	3.4
Provided during the year	**13.4**	10.6
Less:-		
Benefits paid	**(2.9)**	(20.6)
Exchange differences	**(2.3)**	(1.4)
Balance at the end of the year	**213.4**	201.2

31. Business combinations

In October, 2016, Mahindra CIE Automotive Limited has completed the acquisition of all of the share capital of Bill Forge Private Limited. And the purchase price has amounted to ₹ 13,027.9 Million which have been paid in cash and issue of shares accordingly, the business combination for the control acquisition of Bill Forge Private Limited is summarised below (the numbers refer to a 100% shareholding):

Purchase price :

Cash	6,913.3	
Issue of Shares	6,114.6	13,027.9
Fair value of the net assets acquired		(3,668.8)
Goodwill (Note 7)		9,359.1

This goodwill embodies the future economic benefits expected to derive from the business acquired and the synergies expected to be generated by its acquisition by the Group.

(₹ in Million)

The recognised amounts of identifiable assets acquired and liabilities assumed were as follows:

	Fair value of the net assets acquired
Property, plant and equipment	3,448.1
Other non-current assets	38.6
Deferred tax assets	12.1
Inventories	1,176,.8
Accounts receivable	1,281.7
Other current assets	146.9
Other current financial assets	48.9
Cash and cash equivalents	192.2
Assets acquired	6,345.3
Bank borrowings	1,356.2
Provisions	44.5
Deferred taxes	381.4
Accounts payable	722.9
Other liabilities	171.5
Liabilities assumed	2,676.5
Total net assets acquired	3,668.8

The fair value of the fixed assets acquired was established on the basis of appraisals performed by independent experts familiar with the market whose estimates, which did not factor in additional limitations or risks, were based on market purchase or new build prices and considering the various assets' residual useful lives.

The cash flows deriving from the transaction were as follows:

Cash paid	6,913.3
Cash and cash equivalents at the entity acquired	(192.2)
Outflow of cash on the acquisition	6,721.1

32. Contingent Liabilities and Commitments

Contingent liabilities (to the extent not provided for)	**31st December, 2016**	31st December, 2015	1st April, 2015
(a) Claims against the Group not acknowledged as debt			
i. Income tax claims against which Group has preferred an appeal	**74.6**	77.0	73.8
ii. Disallowance of certain expenses under direct tax	**278.5**	157.4	157.4
iii. Excise cases against the Group, appealed at CESTAT	**94.5**	88.5	96.8
iv. Excise cases against the Group, appealed at High Court	**48.8**	48.8	48.8
v. Service Tax	**66.6**	67.4	56.4
vi. Sales Tax and VAT	**217.9**	163.8	157.9
vii. Stamp Duty, Government Cess and others	**74.9**	91.3	102.6
viii. Water Charges	**325.0**	325.0	507.4

(₹ in Million)

	ix.	The Group had imported capital goods under the Export Promotion Capital Goods (EPCG), of the Government of India, at concessional rate of duty on an understanding to fulfill quantified exports against future obligation	**30.7**	30.7	79.9
(b)		Claims against subsidiary not acknowledged as debt	**-**	4.2	4.2
(c)		Guarantees			
	i.	Guarantees issued by banks on Group's behalf	**106.4**	106.4	91.8
(d)		Commitment			
	i.	Estimated amount of contracts remaining to be exhausted on capital account (net of advances) and not provided for tangible assets	**176.0**	174.6	187.8

Water Charges:

The Company has an ongoing dispute pertaining to the Stamping Division of the Company [formerly known as Mahindra Ugine Steel Company Limited (MUSCO)] with the Irrigation Department (Water Resource Department) in respect of levy of charge for use of water from Patalganga River, for the period from July 1991 to May 2012 for an aggregate amount of ₹ 587.3 Million including penal charge of ₹ 101.9 Million and late fee charge of ₹ 223.1 Million. Presently the matter is pending before the Hon'ble High Court of Bombay ("the Court") where the Company had filed a writ and the Court, vide Order dated 2nd July, 2012, has admitted the writ petition of the Company. In compliance with the Order admitting the Company's petition, the Company has deposited an amount of ₹ 233.5 Million with the Irrigation Department, being the arrears of water charges for the period from July 1991 to May 2012 and has also given a bank guarantee towards penal rate charges of ₹ 101.9 Million claimed by the Irrigation Department. The High Court has also allowed the Irrigation Department to withdraw the amount of arrears of ₹ 28.8 Million deposited earlier by the Company with it in respect of disputed water charge claim for the period from July 1991 to March, 2001. As per the Order, the Company is entitled to pursue the proceedings filed by it before the Hon'ble Bombay High Court and that the State of Maharashtra (Irrigation Department) shall not adopt any coercive steps for recovery of the aforesaid penal rate charges of ₹ 101.9 Million and the late fee of ₹ 223.1 Million.

33. Related Party Transactions

(a) Names of Related Parties

Ultimate Holding Group – CIE Automotive S.A.

Holding Group – Participaciones Internacionales Autometal, DOS S.L

Associate Group - Mahindra Vehicle Manufactures limited the investing Group in respect of which the Group is an associate w.e.f. Dec 30, 2015

(b) Names of Related Parties where transactions have taken place during the period (Fellow Subsidiaries)

Fellow subsidiaries

No.	Name of the Group
1	CIE Berriz, S.L.
2	Grupo Componentes Vilanova, S.L.
3	CIE Mecauto, S.A., Sociedad Unipersonal
4	CIE Compiégne, S.A.S.
5	Praga Louny
6	Componentes de Automoción Recytec, S.L.U
7	Componentes de Dirección Recylan S.L.U.
8	Nova Recyd, S.A.U.
9	CIE Metal CZ, s.r.o.
10	Nanjing Automotive Forging Co., Ltd
11	CIE Automotive Parts Co. Ltd.
12	Forjas de Celaya, S.A. de C.V.

(₹ in Million)

13 Matic Dolares

14 Gameko Fabricación de Componentes, S.A.

15 Global Near S.L.

(c) Companies exercising significant influence over the Company

1 Mahindra Vehicle Manufacturers Limited (MVML) (investing company in respect of which the Company is an Associate w.e.f 31st December, 2015).

2 Mahindra & Mahindra Limited (M&M) (Holding Company of the investing company in respect of which the Company is an Associate).

Subsidiary Companies of MVML

1 Mahindra Intertrade Limited

2 Mahindra Steel Service Centre Limited

3 Mahindra Auto Steel Limited

4 Mahindra Electric Vehicles Private Limited

5 Mahindra Heavy Engines Private Limited

Fellow Subsidiary Companies of MVML

1 Mahindra Trucks & Buses Private Limited

2 Mahindra Gujarat Tractor Limited

3 Mahindra Aerospace Structures Private Limited

4 Mahindra Integrated Business Solutions Private Limited

5 NBS International Limited

6 Mahindra Sanyo Special Steels Private Limited

7 Mahindra Consulting Engineers Limited

8 Defence Land Systems Limited

9 Mahindra Naval Defence Systems Limited

10 Mahindra Contech Limited

(d) Key Managerial Personnel (KMP)

No.	Name	Designation
1	Mr. Hemant Luthra	Chairman & Executive Director
2	Mr. Ander Arenaza Álvarez (w.e.f. 26th July, 2016)	Chief Executive Officer
3	Mr. K. Ramaswami	Managing Director
4	Mr. Pedro Echergaray (till 12th September, 2016)	Executive Director
5	Mr. Sanjay Joglekar(till 30th September, 2016)	Chief Financial Officer
6	Mr. Romesh Kaul	Chief Executive - Stampings & Composites
7	Mr. K Jayaprakash (w.e.f. 24th October, 2016)	Chief Financial Officer
8	Mr. Krishnan Shankar (Pursuant to Sec 2(76) of the Companies Act, 2013)	Company Secretary & Head-Legal

(₹ in Million)

(e) Transactions with Related parties during the period

Nature of transactions with Related Parties	For the year ended	Ultimate Holding company	Holding company	Entities having joint control/ significant influence over Group	Fellow Subsidiaries	Subsidiaries of Entities having joint control/ significant influence over Company	KMP of the Group and KMP of parent Group	Other related parties
Sale of goods	**31-Dec-16**	**-**	**-**	**9,014.2**	**808.9**	**272.5**	**-**	**-**
	31-Dec-15	-	-	6,253.8	529.5	783.7	--	-
Purchase of goods	**31-Dec-16**	**-**	**-**	**-**	**190.9**	**1,649.0**	**-**	**-**
	31-Dec-15	-	-	-	90.8	1,946.8	-	-
Purchase of property and other assets	**31-Dec-16**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	31-Dec-15	-	-	4.3	-	-	-	-
Receiving of services	**31-Dec-16**	**200.3**	**15.0**	**2.3**	**20.6**	**2.6**	**-**	**-**
	31-Dec-15	192.1	13.1	13.1	16.3	0.5	-	-
Interest Received	**31-Dec-16**	**12.2**	**3.8**	**-**	**-**	**-**	**-**	**-**
	31-Dec-15	25.3	5.0	-	-	-	-	-
Interest paid	**31-Dec-16**	**3.2**	**177.2**	**-**	**127.5**	**-**	**-**	**-**
	31-Dec-15	10.5	129.1	-	119.6	129.1	-	-
Management contract fees expenses	**31-Dec-16**	**-**	**-**	**75.1**	**-**	**-**	**-**	**-**
	31-Dec-15	-	-	75.5	-	4.0	-	-
Management contract fees income	**31-Dec-16**	**-**	**-**	**0.7**	**-**	**-**	**-**	**-**
	31-Dec-15	-	-	1.4	-	-	-	-

(f) Balances with Related parties at the end of the period

Nature of Balances with Related Parties	Balance as on	Ultimate Holding company	Holding company	Entities having joint control/ significant influence over Group	Fellow Subsidiaries	Subsidiaries of Entities having joint control/ significant influence over Company	KMP of the Group and KMP of parent Group	Other related parties
Trade payables	**31-Dec-16**	**-**	**-**	**49.5**	**99.6**	**260.0**	**-**	**-**
	31-Dec-15	-	9.9	36.8	130.7	240.7	-	-
Trade receivables	**31-Dec-16**	**-**	**-**	**941.4**	**39.5**	**14.8**	**-**	**-**
	31-Dec-15	-	-	853.3	132.1	20.9	-	-
Loans & advances taken	**31-Dec-16**	**-**	**3,873.7**	**-**	**2,680.9**	**-**	**-**	**-**
	31-Dec-15	-	2,992.6	-	3,121.8	-	-	-
Loans & advances given	**31-Dec-16**	**2,311.8**	**114.6**	**-**	**-**	**-**	**-**	**-**
	31-Dec-15	578.8	247.7	-	-	-	-	-
Other balances	**31-Dec-16**	**9.1**	**8.0**	**5.7**	**-**	**-**	**-**	**-**
	31-Dec-15	6.2	23.4	5.7	-	-	-	-
Managerial Remuneration (Short term benefit paid)	**31-Dec-16**	**-**	**-**	**-**	**-**	**-**	**122.9**	**-**
	31-Dec-15	-	-	-	-	-	83.6	-

(₹ in Million)

34. Leasing Disclosures

The Group has entered into operating lease arrangements for certain facilities and office premises. The leases are non-cancellable and are for a period of 1 to 5 years and may be renewed for a further period of 5 years based on mutual agreement of the parties. The lease agreements provide for an increase in the lease payments by 0 to 2% every year. Future Non-Cancellable minimum lease commitments.

	For the year ended 31st December, 2016	9 Month period ended 31st December, 2015
Operating Lease		
not later than one year	**213.0**	239.8
later than one year and not later than five years	**521.3**	682.1
later than five years	**1,120.7**	1,061.8
	1,855.0	1,983.7

35. Earnings per share

a) Calculation of basic and diluted earnings per share

Basic earnings per share are calculated by dividing the profit attributable to the parent Group's shareholders by the weighted average number of ordinary shares in the year, excluding treasury shares acquired by the parent Group.

	For the year ended 31st December, 2016	9 Month period ended 31st December, 2015
	₹ Per Share	₹ Per Share
Basic earnings per share		
From continuing operations	**5.01**	2.37
Diluted Earnings per share		
From continuing operations	**4.99**	2.37

b) The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

(i) Basic earning per share

	For the year ended 31st December, 2016	9 Month period ended 31st December, 2015
Profit for the year attributable to owners of the Group	**1,690.1**	767.2
Weighted average number of equity shares	**337,156,525**	323,209,285
Earnings per share from continuing operations – Basic	**5.01**	2.37

(ii) Diluted earning per Share

The diluted earnings per share has been computed by dividing the Net profit after tax available for Equity shareholders by the weighted average number of equity shares, after giving dilutive effect of the outstanding Warrants, Stock options and Convertible bonds for the respective periods. Since, the effect of the conversion of Preference shares was anti-dilutive, it has been ignored.

	For the year ended 31st December, 2016	9 Month period ended 31st December, 2015
Profit for the year	**1,690.1**	767.2
Weighted average number of equity shares used in the calculation of Basic EPS	**337,156,525**	323,209,285
Add: Effect of Warrants,		
Others if any	**1,430,039**	275,190
Weighted average number of equity shares used in the calculation of Diluted EPS	**338,586,564**	323,484,475
Diluted EPS	**4.99**	2.37

(₹ in Million)

36. Other information

		31st December, 2016	31st December, 2015
(i)	Principal amount remaining unpaid to MSME suppliers as on	**3.1**	103.7
(ii)	Interest due on unpaid principal amount to MSME suppliers as on	**0.2**	0.4
(iii)	The amount of interest paid along with the amounts of the payment made to the MSME suppliers beyond the appointed day	**0.4**	2.6
(iv)	The amount of interest due and payable for the year (without adding the interest under MSME Development Act)	**0.5**	0.5
(v)	The amount of interest accrued and remaining unpaid as on	**1.0**	0.6

37. Employee Stock Option Scheme (ESOS)

Number of tranches of share based payments

Particulars		Number of Shares	Expiry Date	Exercise Price	Fair value at Grant Date
Equity Settled					
1	Granted on 22nd Feb 2016	1241280	22nd Feb 2019	150	106.16
2	Granted on 12th Dec 2016	350000	12th Dec 2019	150	100.36

38. Exceptional Costs

Exceptional Items relates to onetime payment made to employees opting for early retirement under The Voluntary Retirement Scheme declared in June 2016.

As per Report of even date

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Mumbai, 23rd February, 2017

For and on behalf of the Board of Directors of **Mahindra CIE Automotive Limited**

Hemant Luthra
Chairman & Executive Director

Ander Arenaza Álvarez
Executive Director

K. Ramaswami
Managing Director

Daljit Mirchandani
Director

Dhananjay Mungale
Director

Neelam Deo
Director

K. Jayaprakash
Chief Financial Officer

Krishnan Shankar
Company Secretary & Head-Legal

Mumbai, 23rd February, 2017

Additional Information on subsidiaries as required by Sch. III of Companies Act, 2013

(₹ in Million)

Sr. No.	Name of the entity	Net assets		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
		Amount	As a % of consolidated	Amount	As a % of consolidated	Amount	As a % of consolidated	Amount	As a % of consolidated
1	Stokes Group Limited (SGL)	919.9	2.8%	(143.4)	(8.5%)	-	0.0%	(143.4)	(9.5%)
2	Stokes Forgings Dudley Limited (subsidiary of SGL)	-	0.0%	-	0.0%	-	0.0%		0.0%
3	Stokes Forgings Limited (subsidiary of SGL)	-	0.0%	-	0.0%	-	0.0%		0.0%
4	Mahindra Forgings International Limited (MFIL)	2,732.6	8.4%	(80.8)	(4.8%)	-	0.0%	(80.8)	(5.4%)
5	Mahindra Forgings Europe AG (MFE) (subsidiary of MFIL)	3,599.0	11.0%	(754.4)	(44.6%)	-	0.0%	(754.4)	(50.1%)
6	Jeco Jellinghaus GmbH (subsidiary of MFE)	468.7	1.4%	(21.7)	(1.3%)	12.84	(7.0%)	(8.9)	(0.6%)
7	Gesenkschmiede Schneider GmbH (subsidiary of MFE)	3,017.6	9.2%	20.3	1.2%	(35.44)	(19.3%)	(15.1)	(1.0%)
8	Falkenroth Unformtechnik GmbH (subsidiary of MFE)	836.8	2.6%	0.1	0.0%	(0.16)	(0.1%)	(0.1)	(0.0%)
9	Schonoeweiss& Co GmbH (subsidiary of MFE)	3,009.8	9.2%	(50.4)	(3.0%)	(21.04)	(11.4%)	(71.4)	(4.7%)
10	Mahindra Forgings Global Limited (MFGL)	4.7	0.0%	65.1	3.9%	-	0.0%	65.1	4.3%
11	Mahindra Gears and Transmissions Private Limited (MGTPL)	655.2	2.0%	72.3	4.3%	(1.01)	(0.5%)	71.3	4.7%
12	Mahindra Gears Global Limited (MGGL)	1,959.2	6.0%	(88.7)	(5.3%)	-	0.0%	(88.7)	(5.9%)
13	Metalcastello S.p.A (MC) (subsidiary of MGGL)	3,985.0	12.2%	340.9	20.2%	-	0.0%	340.9	22.6%
14	UAB CIE Galfor S.A. (Galfor)	5,619.3	17.2%	1,387.7	82.1%	-	0.0%	1,387.7	92.1%
15	CIE Legazpi S.A. (subsidiary of Galfor)	2,477.8	7.6%	261.7	15.5%	-	0.0%	261.7	17.4%
16	UAB CIE LT Forge (subsidiary of Galfor)	622.2	1.9%	85.9	5.1%	-	0.0%	85.9	5.7%
17	Bill Forge Private Limited (BF)	1,595.4	4.9%	139.5	8.3%	-	0.0%	139.5	9.3%
18	Bill Forge Precision Private Limited (subsidiary of BF)	75.7	0.2%	(2.6)	(0.2%)	-	0.0%	(2.6)	(0.2%)
19	Bill Forge Global DMCC (BFG) (subsidiary of BF)	486.6	1.5%	(12.2)	(0.7%)	-	0.0%	(12.2)	(0.8%)
20	Bill Forge Mexico S de RL de CV (subsidiary of BF)	11.5	0.0%	(43.8)	(2.6%)	-	0.0%	(43.8)	(2.9%)

Additional Information on subsidiaries as required by Sch. III of Companies Act, 2013

(₹ in Million)

Company	Subsidiary Relationship	Activity	Registered office	% effective shareholding of Mahindra CIE Direct	% effective shareholding of Mahindra CIE Indirect
Mahindra CIE Automotive Ltd. (*)	Participaciones Internacionales Autometal Dos S.L.	Manufacture of automotive components	India		
Stokes Group Limited (*)	Mahindra CIE Automotive Limited	Manufacture of automotive components	UK	100%	-
Stokes Forgings Limited	Stokes Group Limited	Investment Company	UK		100%
Stokes Forgings Dudley Limited	Stokes Group Limited	Investment Company	UK		100%
Mahindra Forging Global Limited	Mahindra CIE Automotive Limited	Investment Company	Republic of Mauritius	100%	-
Mahindra Forgings International Limited (*)	Mahindra CIE Automotive Limited	Holding Company	Republic of Mauritius	100%	-
Mahindra Forgings Europe AG (*)	Mahindra Forgings International Limited	Holding Company	Germany	-	100%
Gesenkschmiede Schneider GmbH	Mahindra Forgings Europe AG	Manufacture of automotive components	Germany	-	100%
Jeco Jellinghaus GmbH	Mahindra Forgings Europe AG	Manufacture of automotive components	Germany	-	100%
Falkenroth Umformtechnik GmbH	Mahindra Forgings Europe AG	Manufacture of automotive components	Germany	-	100%
Schoneweiss & Co. GmbH	Mahindra Forgings Europe AG	Manufacture of automotive components	Germany	-	100%
CIE Galfor, S.A.U. (*)	Mahindra CIE Automotive Limited	Manufacture of automotive components	Spain	100%	-
CIE Legazpi, S.A.U.	CIE Galfor, S.A.U.	Manufacture of automotive components	Spain	-	100%
UAB CIE LT Forge	CIE Galfor, S.A.U.	Manufacture of automotive components	Lithuania	-	100%
Mahindra Gears Global Ltd (*)	Mahindra CIE Automotive Ltd.	Investing Company	Republic of Mauritius	100%	-
Metalcastello S.p.A. (*)	Mahindra Gears Global Ltd	Manufacture of automotive components	Italy	-	100%
Crest Geartech Ltd	Metalcastello S.p.A.	Manufacture of automotive components	India	-	100%
Mahindra Gears Transmission Private Ltd	Mahindra CIE Automotive Ltd.	Manufacture of automotive components	India	100%	-
Bill Forge Private Limited	Mahindra CIE Automotive Ltd.	Manufacture of automotive components	India	100%	-
BF Precision Private Limited	Bill Forge Private Limited	Manufacture of automotive components	India	-	100%
Bill Forge Global DMCC	Bill Forge Private Limited	Investing Company	Dubai	-	100%
Bill Forge Mexico, S de RL de CV	Bill Forge Private Limited	Manufacture of automotive components	Mexico	-	100%

Form AOC - 1

Pursuant to proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014

Statement containing salient features of the financial statements of subsidiaries included in the Consolidated Financial Statements

(₹ In Million)

Sr. No.	Name of the Subsidiary	Date since when the subsidiary was Acquired	Reporting Currency	Exchange Rate as on the last date of the relevant Financial year	Capital (including Preference Capital)	Reserves & Surplus	Total Assets	Total Liabilities	Investments (excluding investments in subsidiaries)	Gross Turnover	Profit /(Loss) before Tax	Provision for Tax	Profit / (Loss) After Tax	Proposed Dividend and Tax thereon	Extent of shareholding (in percentage)	Proportion of voting power where different
1	Stokes Group Limited	1st April, 2007	GBP	83.97	151.7	(594.1)	482.5	919.9	-	974.2	(143.4)	-	(143.4)	-	100%	-
2	Stokes Forgings Dudley Limited	1st April, 2007	GBP	83.97	-	-	-	-	-	-	-	-	0.0	-	100%	-
3	Stokes Forgings Limited	1st April, 2007	GBP	83.97	5.9	(5.9)	-	-	-	-	-	-	0.0	-	100%	-
4	Mahindra Forgings International Limited	1st April, 2007	EURO	71.63	7,736.5	(2,115.9)	8,353.2	2,732.6	-	0.0	(80.8)	-	(80.8)	-	100%	-
5	Mahindra Forgings Europe AG	1st April, 2007	EURO	71.63	423.9	(2,651.9)	4,194.8	6,422.9	-	260.2	(754.4)	0.1	(754.3)	-	100%	-
6	Jeco Jellinghaus GmbH	1st April, 2007	EURO	71.63	434.9	(58.8)	844.8	468.7	-	72.1	(21.7)	(0.1)	(21.8)	-	100%	-
7	Gesenkschmiede Schneider GmbH	1st April, 2007	EURO	71.63	1,040.2	175.1	4,233.0	3,017.6	3.1	6,572.9	20.3	-	20.3	-	100%	-
8	Falkenroth Umformtechnik GmbH	1st April, 2007	EURO	71.63	86.9	76.8	1,000.4	836.8	-	2,270.3	0.1	-	0.1	-	100%	-
9	Schonoeweiss & Co GmbH	1st April, 2007	EURO	71.63	423.9	836.5	4,270.2	3,009.8	-	6,855.4	(50.4)	0.7	(49.7)	-	100%	-
10	Mahindra Forgings Global Limited	1st April, 2007	EURO	71.63	2,869.5	(142.2)	2,732.0	4.7	-	0.0	65.1	-	65.1	-	100%	-
11	Mahindra Gears & Transmissions Private Limited	1st October, 2013	INR	1.00	151.1	671.5	1,477.9	655.2	-	1,475.4	111.6	(39.3)	72.3	-	100%	-
12	Mahindra Gear Global Limited	1st October, 2013	EURO	71.63	3,331.2	(429.2)	4,861.3	1,959.2	-	0.0	(88.7)	-	(88.7)	-	100%	-
13	Metalcastello S.p.A.	1st October, 2013	EURO	71.63	844.9	(1,501.3)	3,328.7	3,985.0	-	3,637.2	453.9	(113.1)	340.9	-	99.96%	-
14	CIE Galfor S.A.	1st October, 2013	EURO	71.63	193.8	3,151.6	9,587.8	6,242.4	4.8	9,790.5	1,790.1	(402.5)	1,387.7	-	100%	-
15	UAB CIE LT Forge	1st October, 2013	EURO	71.63	584.2	276.9	1,483.4	622.3	-	1,103.1	85.9	(7.5)	78.4	-	100%	-
16	CIE Legazpi S.A.	1st October, 2013	EURO	71.63	193.7	572.7	3,244.2	2,477.8	-	3,999.2	261.7	-	261.7	-	100%	-
17	Bill Forge Private Limited	1st October, 2016	INR	1.00	11.7	3,258.7	4,865.9	1,595.4	-	1,588.1	193.0	(53.5)	139.5	-	100%	-
18	Bill Forge Precisions Private Limited	1st October, 2016	INR	1.00	0.1	(7.9)	67.9	75.7	-	3.7	(2.6)	-	(2.6)	-	100%	-
19	Bill Forge de Mexico S de RL de CV	1st October, 2016	Mexican Peso	3.48	0.0	(76.2)	118.4	194.6	-	0.0	(43.8)	-	(43.8)	-	100%	-
20	Bill Forge Global DMCC Dubai	1st October, 2016	Dirham	18.47	0.9	(33.0)	771.7	803.8	-	0.0	(12.2)	-	(12.2)	-	100%	-
21	Crest Geartech Private Limited	1st October, 2013	INR	1.00	5.9	16.8	22.9	0.2	-	0.0	(0.1)	-	(0.1)	-	99.96%	-

The reporting period of the subsidiaries and that of the Company is same 1st January, 2016 to 31st December, 2016 except (i) Crest Geartech Private Limited had a reporting period of 1st April, 2015 to 31st March, 2016 and (ii) Bill Forge Private Limited, Bill Forge de Mexico S de RL de CV, Bill Forge Global DMCC Dubai and Bill Forge Precisions Private Limited was 1st April, 2016 to 31st December, 2016

a) Stokes Forgings Limited and Stokes Forgings Dudley Limited are dormant companies.

b) Mahindra Forgings International Limited (MFIL), Mahindra Forgings Global Limited (MFGL) and Mahindra Gears Global Limited (MGGL) are Mauritius Holding Companies. MFIL & MFGL are proposed to be merged with the Company and MGGL is proposed to be merged with Metalcastello S.p.A.

Bill Forge de Mexico S de RL de CV. had not commend any operations as on 31st December, 2016.

c) All other subsidiaries are operational except Crest Geartech Private Limited and Jeco Jellinghaus GmbH.

d) In October 2016, the Company acquired 100% of shares in Bill Forge Private Limited.

Bill Forge Precisions Private Limited, Bill Forge Mexico and Bill Forge Dubai are subsidiaries of Bill Forge Private Limited.

Gross Turnover, Profit before tax, Provision for tax and Profits after tax for Bill Forge Private Limited and for its subsidiaries mentioned above are for a period of 3 months from the date of acquisition to 31st December, 2016.

For and on behalf of the Board of Directors of Mahindra CIE Automotive Limited

Hemant Luthra
Chairman & Executive Director

Ander Arenaza Álvarez
Executive Director

K.Ramaswami
Managing Director

Daljit Mirchandani
Director

Dhananjay Mungale
Director

Neelam Deo
Director

K. Jayaprakash
Chief Financial Officer

Krishnan Shankar
Company Secretary & Head Legal

Mumbai, 23rd February, 2017.

Notes

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CIE: GLOBAL FOOTPRINT

FORGINGS

CASTINGS

STAMPINGS

GEARS

COMPOSITES

MAGNETICS

Mahindra CIE

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